

2000

California

Employer's Guide



What's new for 2000?

See the following pages ▶ ▶ ▶

WHAT ARE THE EMPLOYMENT TAX RATES FOR 2000?

UNEMPLOYMENT INSURANCE (UI)

The UI taxable wage limit for 2000 is \$7,000. Maximum weekly benefit award is \$230. Please refer to [page 48](#) for additional information.

STATE DISABILITY INSURANCE (SDI)

The two SDI withholding rates for the calendar year 2000 are:

<u>Wages Paid</u>	<u>Withholding Rate</u>
January 1 – March 31	0.5% (.005)
April 1 – December 31	0.7% (.007)

The SDI taxable wage limit is \$46,327. Maximum weekly benefit award is \$490. Please refer to [page 58](#) for additional information.

CALIFORNIA PERSONAL INCOME TAX (PIT) WITHHOLDING

California PIT withholding deposit threshold is \$400.

NOTE: Unemployment Insurance, Employment Training Tax, and State Disability Insurance rate information is available on EDD's 24-hour Automated Call System by calling (916) 653-7795.

WHAT'S NEW IN 2000?

ELECTRONIC METHODS FOR FILING EMPLOYMENT TAXES

Interested in easier, faster ways to report and pay your payroll taxes? Turn to [page 30](#) for more information on the different electronic tax filing options offered by EDD.

VALUE OF MEALS AND LODGING

The value of meals and lodging can be found in the fourth quarter *California Employer* newsletter. You can also find this information on EDD's Web-site at: www.edd.ca.gov/taxrte9x.htm.

WAGE AND TAX STATEMENTS (W-2) OR 1099

You must provide Forms W-2, W-2C, and 1099 to your employees. However, please **do not** send Forms W-2, W-2C, and 1099 to EDD. Please refer to [page 63](#) for additional information.

ON THE INTERNET

EDD Home Page: www.edd.ca.gov (see "[For Employers](#)")



Dear California Employer:

I am pleased to announce a new approach to customer service by the Employment Development Department's (EDD) Tax Branch. In the year ahead, we will be renewing our efforts to improve the quality of our taxpayer assistance and to increase your access to EDD's services.

To support these efforts, we are reengineering our tax-processing infrastructure with new high-speed imaging and data capture technologies that are modernizing the way we handle wage reporting and payment data.

This project, known as the Tax Engineering and Modernization Project, will allow EDD to process and post your payments several weeks earlier than was possible with the previous system. When fully implemented, this new system will also enable EDD staff to conduct business more quickly and effectively through access to the most up-to-date tax filing information, thereby improving the quality of customer service you receive.

To better meet your tax filing needs, we are also extending the hours when customer assistance is available by telephone in the final two weeks of each quarter. We will offer tax assistance from 7 a.m. to 6 p.m., Monday through Friday, during the last two weeks of each payroll tax filing month – January, April, July, and October.

We look forward to providing you with a new level of quality customer service in the year ahead.

Sincerely,

MICHAEL S. BERNICK
Director
Employment Development Department

EMPLOYMENT DEVELOPMENT DEPARTMENT OFFICE DIRECTORY

Employment Tax Customer Service Offices (ETCSOs)	1
Employment Tax Information - Sacramento Offices	2
EDD Internet Home Page Address	2
State Disability Insurance Offices.....	2
Employment Training Panel Offices	2
Job Service Offices	2
Unemployment Insurance Offices	2

GENERAL INFORMATION

Introduction	3
Information and Assistance by Topic	3
Forms and Publications.....	7
Lost Forms - What to Do	7
Employer Not at Fault (Hold Harmless Provision)	7
Internet Address and Content Listing.....	8
Tax Forum on the Internet.....	8
Payroll Tax Seminars	8
Where to Order California Unemployment Insurance Code and Code of Regulations	9
Settlements Program.....	9
Offers in Compromise	9
Underground Economy	10
Federal Unemployment Tax Act (FUTA) Certification	10
Protecting Your Privacy.....	10

EMPLOYERS' BILL OF RIGHTS

Commitment.....	11
Office of the Taxpayer Rights Advocate	11
Employer Rights	11

WHAT ARE PAYROLL TAXES?

Payroll Tax Chart (Unemployment Insurance, Employment Training Tax, State Disability Insurance, and Personal Income Tax).....	12
--	----

SCHEDULE OF EMPLOYER REQUIREMENTS

13

WHO IS AN EMPLOYER?

General Definition	17
Household Employers	17
Additional Information	17

WHO IS AN EMPLOYEE?

General Definition	18
"Common Law" Employee or Independent Contractor	18

EMPLOYER REGISTRATION

When to Register	19
How to Register (Obtaining an Employer Account Number)	20

EMPLOYER CHANGE OF STATUS

General Definition	21
Employer Change of Address	21
Purchase, Sale, Transfer, or Entity Change.....	21
Successor Employer	21
Release of Buyer (Escrow Clearance)	22
No Longer Have Employees?	22
Quitting Business	22

WHAT ARE SUBJECT WAGES FOR UI AND PIT TAXES?

General Definition of Subject Wages	23
General Definition of Personal Income Tax (PIT) Wages.....	23
Difference Between Subject Wages and PIT Wages	23
Payroll Taxes Due	23
Employers Withholding Personal Income Tax Only	24
How to Determine Your Tax and Withholding Requirements.....	24

EMPLOYER OBLIGATIONS

Notices and Pamphlets for Employees.....	25
Plant Closures and Mass Layoffs (WARN Act)	26
New Employee Registry	27
Record Keeping	28

FILING OPTIONS

Introduction	30
Electronic Funds Transfer	30
Tax Telefile.....	30
Electronic Data Interchange.....	31
Magnetic Media Reporting Requirements/Options.....	32
Scannable Forms - Requirements.....	32

TAX FORMS MOST FREQUENTLY USED

Payroll Tax Deposit (DE88) Coupon: Overview and Sample Form	33
Employee Payroll Withholding Deposits	34
Due Dates for Quarterly Payroll Tax Deposits	35
How to Calculate Taxable Wages.....	36
How to Complete a Payroll Tax Deposit	37
Late Deposit, Penalty, and Interest.....	40
Penalty for Failure to Deposit Payroll Taxes.....	40
How to Correct a Prior Payroll Tax Deposit - DE 88.....	40
Correcting PIT Reporting Errors	41
Lost Payroll Tax Deposit Coupon - Filing an Informal Report.....	41
Quarterly Wage and Withholding Report (DE 6): Overview and Sample Form	42
Due Dates for Quarterly Wage and Withholding Reports	43
How to Correct a Prior Quarterly Wage and Withholding Report - DE 6	43
Lost Quarterly Wage and Withholding Report - Filing an Informal Report.....	43
Employers With Multiple Locations - How to Report Wages by Location	43
Annual Reconciliation Statement (DE 7): Overview and Sample Form	44
Tips for Preparing Annual Reconciliation Statements	45
Year-End Payment Due.....	45
Common Errors to Avoid - DE 7	45
How to Correct a Prior Annual Reconciliation Statement DE - 7	45
Lost Annual Reconciliation Statement - Filing an Informal Statement.....	45
Correcting Prior Payroll Tax Deposits, Quarterly Wage and Withholding Reports, and Annual Reconciliation Statements	46
Employer Account Statement (DE 2176)	47

UNEMPLOYMENT INSURANCE PROGRAM

Purpose.....	48
--------------	----

UI TAX PROGRAM

Experience Rated Method of Paying for UI Benefits	48
Reimbursable Method of Paying for UI Benefits	48
School Employees Fund Method of Paying for UI Benefits.....	48
Additional Information Regarding Experience Rated Method and Reimbursable Method	48
How the UI Tax Rate Is Determined.....	48
Tax Rate Schedules	48
New Employer/Individual Employer UI Tax Rates	48
Notice of Tax Rates	49
Reserve Account Transfers	49
Data Exchange Alternatives: Magnetic Media	49
How to Appeal Your UI Tax Rate.....	49
Voluntary UI Contributions.....	50
Statement of Charges.....	50
How to Appeal Your Statement of Charges.....	50
Tips for Reducing Your UI Tax Rate.....	51

UI BENEFIT PROGRAM ADMINISTRATION

How UI Benefits Are Paid	51
Benefit Award	51
UI Benefit Qualifications	52
Qualifying UI Wages.....	52
UI Eligibility Determination.....	52

UI BENEFIT PROGRAM

The UI Claims Process	53
Notices to Employers.....	53
Data Exchange Alternative: Electronic Data Interchange	53
Responding to Notices.....	53
Subsequent Benefit Year.....	54
Protest Time Limits.....	54
False Statement Penalty.....	54
Notices of Determination, Ruling, or Modification	54
UI Benefits - Appeal Process.....	55
Administrative Law Judge - Appeal Process.....	55
California Unemployment Insurance Appeals Board (CUIAB) - Appeal Process.....	55
Appeal Time Lines	56
Benefit Audits to Determine Fraud.....	56
Back Pay Award	56
Layoff Alternatives	57
Partial UI Claims	57
Work Sharing Program	57
Notice of Layoff.....	57
Wage Notices	57
North American Free Trade Agreement	57
Trade Adjustment Assistance	57

STATE DISABILITY INSURANCE

Purpose	58
Message to Employers	58
SDI Taxes - Who Pays for SDI Coverage?	58
Employee Benefits	58
Claim Notices	58
Voluntary Plan for Employees	59
Employers and Self-Employed Benefits	59
Workers' Compensation Insurance	59
Additional Information	59

CALIFORNIA PERSONAL INCOME TAX WITHHOLDING

Introduction - Wages Taxable for PIT Withholding	60
Marital Status, Withholding Exemptions, and Allowances (DE 4 and Form W-4)	60
Employer's Obligations for the DE 4 and Form W-4	61
How to Determine Withholding Amounts (PIT Tables)	61
Wages Paid to Nonresident Employees of California	62
Additional PIT Withholding	62
Supplemental Wage Payments	62
Quarterly Estimate Payments	63
Reporting State Disability Insurance (SDI) on Form W-2	63
Reporting of Forms W-2, W-2C, and 1099	63
Additional Information	63

LABOR MARKET INFORMATION

Labor Market Information Available On-Line	65
What Kind of Information Is Available on the Internet?	65
Multiple Location and/or Function Employers	65

EMPLOYMENT SERVICES

California's Job Service	66
Employment Training Panel – History	66
ETP – Purpose	67
ETP – Who Should Apply?	67
How is ETP Different? (Employers, Labor, and Government Working Together)	67
Job Training Partnership Act	68
Welfare-to-Work Initiative	68

APPENDICES

Types of Employment	69
Types of Payments	78
California Personal Income Tax Withholding Tables	86

GLOSSARY AND INDEX	118
REQUISITION FOR EMPLOYMENT DEVELOPMENT DEPARTMENT FORMS AND PUBLICATIONS	126

EMPLOYMENT DEVELOPMENT DEPARTMENT OFFICE DIRECTORY

EMPLOYMENT TAX CUSTOMER SERVICE OFFICES (ETCSOs)

ETCSOs are located throughout California to provide services to the employer community at the local level. Normal EDD workdays are Monday through Friday. ETCSO staff are available to accept telephone calls on normal workdays from 7:30 a.m. until 5:30 p.m. Pacific standard time. During the last two weeks of January, April, July, and October, calls are accepted from 7 a.m. until 6 p.m. Pacific time. When you call, an automated Interactive Voice Response System will provide a menu of services. EDD offices are closed on State holidays.

You may contact or visit your local ETCSO for advice regarding your responsibilities as an employer related to the taxes for Unemployment Insurance, Employment Training, State Disability Insurance, and California Personal Income Tax withholding. We can also assist you with forms and the filing of required reports. In addition, we offer Payroll Tax Seminars to help you understand your rights and responsibilities as an employer.

Hearing-impaired persons can reach EDD by calling (800) 547-9565.

OUT-OF-STATE EMPLOYERS, contact:

Sacramento 3321 Power Inn Road, Suite 220, 95826-6110 (916) 464-3502 Fax: (916) 464-3504

IN-STATE EMPLOYERS

EDD and the Franchise Tax Board offer in-person one-stop tax service at the following Taxpayer Service Center locations:

Bakersfield* 1800 30th Street, Suite 390, 93301-1935 (661) 395-2896 Fax: (661) 395-2563
Long Beach 4300 Long Beach Boulevard, Suite 700A, 90807 (562) 428-0021 Fax: (562) 422-6698
Sacramento* 3321 Power Inn Road, Suite 220, 95826-6110 (916) 464-3502 Fax: (916) 464-3504
San Bernardino 464 West Fourth Street, 4th Floor, 92401 (909) 383-4176 Fax: (909) 383-7900
Stockton* 31 East Channel Street, Room 219A, 95202-2314 (209) 956-1438 Fax: (209) 948-3633
Ventura* 4820 McGrath Street, Suite 250, 93003 (805) 654-4506 Fax: (805) 677-2790

*Board of Equalization is also available at this center.

EDD also provides in-person employment tax service at the following ETCSOs:

Downey 8280 Florence Avenue, 90240-3955 (562) 923-1237 Fax: (562) 904-2843
Escondido 240 West 2nd Avenue, 92025 (760) 737-2200 Fax: (760) 737-2228
Eureka 409 "K" Street, Suite 202, 95501 (707) 445-6522 Fax: (707) 441-5738
Fresno 1050 "O" Street, 93721-2110 (559) 445-5132 Fax: (559) 445-5151
Laguna Hills 23151 Plaza Pointe Drive, Suite 140, 92653-1425 (949) 768-6102 Fax: (949) 855-5147
Monterey 1900 Garden Road, Suite 160, 93940 (831) 649-2902 Fax: (831) 655-8938
Oakland 7700 Edgewater Drive, Suite 100, 94621-3017 (510) 577-2396 Fax: (510) 577-7591
Orange 1855 West Katella Avenue, Suite 100, 92667-3440 (714) 288-2601 Fax: (714) 288-2634
San Diego 3110 Camino Del Rio South, Suite 100, 92108-3830 (619) 516-1920 Fax: (619) 516-1930
San Francisco 1825 Sacramento Street, Suite 401, 94109 (415) 929-5700 Fax: (415) 929-5746
San Jose 904 Ruff Drive, 2nd Floor, 95110 (408) 277-9400 Fax: (408) 277-9453
Santa Monica 914 Broadway, 90401 (310) 576-6400 Fax: (310) 395-6597
Santa Rosa 50 "D" Street, Room 415, 95404-4762 (707) 576-2094 Fax: (707) 576-2601
Van Nuys 6150 Van Nuys Boulevard, Room 210, 91401-3384 (818) 901-5208 Fax: (818) 901-5605
Visalia 3311 South Fairway Street, 93277-7777 (559) 635-3220 Fax: (559) 635-3235

At the following Employment Tax Service Points, customers will find self-service racks with tax forms, a mail drop, and a free direct-line telephone to Tax Branch customer service representatives:

Capitola 2045 40th Avenue, Suite A, 95010 (831) 464-6293
Chico 240 West 7th Street, 95928 (530) 895-4401
El Centro 1550 Westmain Street, 92244-3187 (760) 353-4990
El Monte 9537 Telstar Avenue, Suite 115, 91731-2907 (562) 923-1237
Los Angeles 4021 Rosewood Avenue, Suite 301, 90004-2932 (323) 669-7670
Marysville 1204 "E" Street, 95901 (530) 741-4020
Modesto 3340 Tully Road, Suite E-10, 95350-0851 (209) 576-6205
Pleasant Hill 3478 Buskirk Avenue, Suite 215, 94523-4345 (925) 977-8265
Redding 1325 Pine Street, 96001-2002 (530) 225-2205
Riverside 1180 Palmyrita Avenue, Suite B, 92507 (909) 383-4176
San Luis Obispo 3220 South Higuera Street, Suite 102, 93401-6959 (805) 549-3512
San Mateo 951 Mariner's Island Boulevard, Suite 310, 94404 (650) 358-4102
Vallejo 421 Tennessee Street, Room 2, 94590 (707) 648-4040

EMPLOYMENT DEVELOPMENT DEPARTMENT OFFICE DIRECTORY

EMPLOYMENT TAX INFORMATION - SACRAMENTO OFFICES

Alternate Forms Coordinator (916) 255-0649
Electronic Data Interchange (916) 255-1649
Electronic Funds Transfer..... (916) 654-9130
Employer Account Number
(register by telephone)..... (916) 654-8706
Forms Request
(more than 25 copies)..... (916) 322-2835
Magnetic Media Reporting..... (916) 654-6845
New Employee Registry (916) 657-0529
Offers in Compromise..... (916) 464-2726

Office of the Taxpayer Rights Advocate:
Problem Resolution Office.....(916) 654-8957
Tax Rates and Benefit Charge
Information..... (916) 653-7795
Tax Telefile (800) 796-3524
Underground Economy Operations
Center.....(916) 464-1075

EDD INTERNET HOME PAGE ADDRESS

www.edd.ca.gov

STATE DISABILITY INSURANCE OFFICES

<u>City</u>	<u>Telephone</u>	<u>City</u>	<u>Telephone</u>
Bakersfield.....	(661) 845-5500	San Bernardino.....	(909) 383-4171
Chico	(530) 895-4433	San Diego.....	(619) 689-6700
Eureka	(707) 445-6568	San Francisco.....	(415) 749-7400
Fresno	(559) 445-5393	San Gabriel Valley.....	(626) 854-9600
Long Beach	(562) 984-1630	San Jose.....	(408) 277-9499
Los Angeles.....	(213) 580-3001	Santa Ana.....	(714) 558-4341
Oakland	(510) 577-2300	Santa Barbara	(805) 568-1317
Redding	(530) 225-2900	Santa Rosa.....	(707) 576-2095
Riverside Customer Service Center.....	(909) 369-0113	Stockton.....	(209) 948-7682
Sacramento Customer Service Center.....	(916) 227-0220		

EMPLOYMENT TRAINING PANEL OFFICES

<u>City</u>	<u>Telephone</u>	<u>City</u>	<u>Telephone</u>
North Hollywood	(818) 755-1313	San Diego	(619) 686-1920
Sacramento	(916) 327-5640	San Mateo	(650) 655-6930

Internet address: www.etp.ca.gov

JOB SERVICE OFFICES

To find the nearest Job Service Office, check the State Government section of your telephone directory under "Employment Development Department, Job Service Information" or the Community Services section under "Employment." Offices can also be found on EDD's web site:
www.edd.ca.gov/jsloc.htm

UNEMPLOY- MENT INSURANCE (UI) OFFICES

Customer service for UI is available through the toll-free telephone numbers listed below. When you call, an automated system will provide a menu of services.

Employers should press "3" to receive the employer menu that provides UI and Job Service information. If calling from a rotary phone, please stay on the line and you will be transferred to a representative.

English	(800) 300-5616
Spanish	(800) 326-8937
Chinese	(800) 547-3506
Vietnamese	(800) 547-2058
TTY (nonverbal)	(800) 815-9387
Outside of California	(800) 250-3913

GENERAL INFORMATION

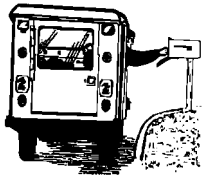
INTRODUCTION

The Employment Development Department (EDD) administers employment tax law according to the California Unemployment Insurance Code (CUIC). This guide contains information on the following subjects to help you comply with California's employment tax laws:

- Unemployment Insurance (UI)
- Employment Training Tax (ETT)
- State Disability Insurance (SDI)
- California Personal Income Tax (PIT) Wages
- California Personal Income Tax (PIT) Withholding
- Withholding requirements within the provisions of the CUIC
- General information on EDD services for employers and employees
- New Employee Registry (NER)

To simplify California PIT withholding requirements for employers, California follows federal forms, procedures, and requirements whenever possible. However, California PIT tables and other computation formulas differ because the California PIT rates are different from federal rates.

We are striving to make this guide easier for you to read and understand. This guide provides general information that applies to most employers and refers to other publications with more detailed information that may be requested as needed. We would like your ideas on how we can improve this publication. Please send your comments and suggestions to:



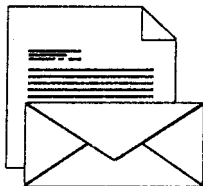
**Employment Development Department
Outreach and Education Office, MIC 93
P.O. Box 826880
Sacramento, CA 94280-0001**

Fax: (916) 654-6969

E-mail: taxcomm@edd.ca.gov

INFORMATION AND ASSISTANCE BY TOPIC

If you have any questions regarding the following topics, please contact the designated agency or office:



TOPIC	DESCRIPTION	CONTACT
California PIT Withholding Tables*	California PIT withholding tables and information on acceptable computer software programs NOTE: When you call, please be sure to notify Franchise Tax Board (FTB) that you would like to talk to someone about the PIT Withholding Tables.	Franchise Tax Board Statistical Research Bureau MS B26 P.O. Box 1468 Sacramento, CA 95812-1468 FTB Tax Practitioner Support Unit: (916) 845-7057 F.A.S.T.** (800) 338-0505 (recording) Assistance (800) 852-5711 (operator) Hearing-Impaired: (800) 822-6268 (TTY)

(table continued)

*Please DO NOT contact an Employment Tax Customer Service Office.

**F.A.S.T. - Fast Answers About State Taxes.

INFORMATION AND ASSISTANCE

(table cont.)

TOPIC	DESCRIPTION	CONTACT
Electronic Tax Filing Options - Electronic Data Interchange (EDI)	Through EDI, employers can file their <i>Quarterly Wage and Withholding Report</i> (DE 6) electronically. There are two requirements: 1. Data must be sent in the American National Standards Institute (ANSI) X12 standard format, and 2. The services of a Value Added Network (VAN) must be obtained to send files to EDD. See page 31 for additional information.	Employment Development Department Goethe Tax Operations EDI Unit, MIC 96 P.O. Box 826880 Sacramento, CA 94280-0001 Telephone: (916) 255-1649* Fax: (916) 255-1629 E-mail: ecom@edd.ca.gov
- Electronic Funds Transfer (EFT)	EFT is a convenient method for employers to electronically transfer tax payments to EDD. See page 30 for additional information.	Employment Development Department EFT Unit, MIC 15 P.O. Box 826880 Sacramento, CA 94280-0001 Telephone: (916) 654-9130 Fax: (916) 654-7441
- Magnetic Media	Magnetic Media is a convenient method for employers to report wages, withholdings, and/or NER information. See page 32 for additional information.	Employment Development Department Magnetic Media Coordinator, MIC 15 P.O. Box 826880 Sacramento, CA 94280-0001 Telephone: (916) 654-6845
- Tax Telefile	Tax Telefile is a method for household employers and other employers with a small number of employees to report and pay payroll taxes by telephone. Employers can file reports 24 hours a day, 7 days a week. See page 30 for additional information.	Employment Development Department Goethe Tax Operations Telefile Unit, MIC 96 P.O. Box 826880 Sacramento, CA 94280-0001 Telephone: (800) 796-3524
Employee eligibility to work*	Under federal law, ¹ employers are required to verify that every individual (citizen, national, or alien) whom they hire has the right to work in the U.S. The U.S. Immigration and Naturalization Service (INS) requires you to complete Form I-9 for each employee hired to verify employment eligibility.	U.S. Immigration and Naturalization Service Request a copy of the "Handbook for Employers: Instructions for Completing Form I-9." Refer to the U.S. Government Offices Section of your telephone book under Immigration and Naturalization Service."

(table continued)

¹ Immigration Reform and Control Act of 1986.

GENERAL INFORMATION

INFORMATION AND ASSISTANCE

(table cont.)

TOPIC	DESCRIPTION	CONTACT
Employer requirements (also refer to "Schedule of Employer Requirements" on page 13)	Questions regarding: <ul style="list-style-type: none"> • California PIT Wages • California PIT Withholding • Employee/Independent Contractor Status • Employer Registration • Employer Status • ETT • New Employee Registry • SDI Withholding • UI, SDI Wages • UI Tax 	Employment Development Department Employment Tax Customer Service Office (ETCSO) A directory of these offices is provided on page 1.
Employer rights during the employment tax assessment and collection process	Employer rights are protected by the Problem Resolution Office (PRO) during the employment tax assessment and collection process. The assistance of this office may be requested after first attempting to resolve an issue with the assigned caseworker, supervisor, and office manager.	Employment Development Department PRO, MIC 93 P.O. Box 826880 Sacramento, CA 94280-0001 Telephone: (916) 654-8957 Fax: (916) 654-6969
Employment payroll tax rates	<i>A Notice of Contribution Rates and Statement of UI Reserve Account (DE 2088)</i> is mailed annually by December 31 to notify employers of their UI, ETT, and SDI tax rates. NOTE: You have the right to protest, then appeal the DE 2088.	Employment Development Department Contribution Rate Group, MIC 4 P.O. Box 826880 Sacramento, CA 94280-0001 Telephone: (916) 653-7795 (24-hour automated telephone system)
Employment Training Panel*	A program that provides funds to train and retain workers in targeted industries to improve California's economy. Includes retraining current employees, training new hires, Special Employment Training (SET), and Welfare to Work programs.	Employment Training Panel Offices are located in North Hollywood, Sacramento, San Diego, and San Mateo. Please refer to the directory on page 2. Fax: (916) 327-5260 Internet Home Page: www.etp.ca.gov
Job Training Partnership Act*	A program to establish job training and other services to prepare youth and adults for employment, improve educational skills, and decrease welfare dependency.	Employment Development Department Job Training Partnership Division, MIC 69 P.O. Box 826880 Sacramento, CA 94280-0001 Telephone: (916) 654-7799
Job vacancy listings and recruitment services*	All questions regarding EDD Job Services.	The EDD Job Service site or One Stop Career Center site nearest you. Job Service Internet address: www.edd.ca.gov/jshow.htm

(table continued)

*Please DO NOT contact an Employment Tax Customer Service Office.

INFORMATION AND ASSISTANCE

(table cont.)

TOPIC	DESCRIPTION	CONTACT
Payroll Tax Seminars	Seminars for employers are provided by most Employment Tax Customer Service Offices. Topics include reporting requirements, how to complete EDD tax forms, and independent contractor and employee issues.	Employment Development Department Employment Tax Customer Service Office (ETCSO) A directory of these offices is provided on page 1.
School Employees Fund (SEF)	A UI program for school employers who may elect to participate in the SEF for financing their unemployment benefits.	Employment Development Department School Employees Fund P.O. Box 826880, MIC 68 Sacramento, CA 95814 Telephone: (916) 653-5380
Standard Industrial Classification (SIC) Code and North American Industry Classification System (NAICS)*	A four- and six- digit code that EDD assigns to all registered employers to designate their business activity in California. (The SIC and NAICS Codes are not the same as the manufacturer's code assigned by FTB).	Employment Development Department Labor Market Information Division Coding Unit, MIC 57 P.O. Box 1881 Sacramento, CA 95812-9848 Fax Number: (916) 262-2350
State Disability Insurance (SDI) benefits*	SDI benefits provide temporary income to California workers who are unable to work because of pregnancy or a non-job related illness or injury.	Employment Development Department State Disability Insurance Office A directory of these offices is provided on page 2.
Unemployment Insurance (UI) benefits*	UI benefits provide temporary income to unemployed workers who meet the UI eligibility requirements.	Employment Development Department Unemployment Insurance Office A list of telephone numbers is provided on page 2.
Welfare-to-Work Grant Initiative*	A program to create job opportunities for the hardest-to-employ welfare recipients. This program is operated at the local level by Private Industry Councils in conjunction with local welfare departments, educational institutions, economic development, and community-based organizations.	Employment Development Department Job Training Partnership Division, MIC 69-1 P.O. Box 826880 Sacramento, CA 94280-0001 Telephone: (916) 654-7961
Workers' Compensation Insurance*	If you have employees, you are required by law to have workers' compensation insurance coverage. Failure to do so is a crime and may result in penalties and closure of your business.	Your insurance agent OR State Compensation Insurance Fund Telephone: (800) 892-6000

GENERAL INFORMATION

FORMS AND PUBLICATIONS

For your convenience in ordering departmental forms, information sheets, brochures, and/or guides, a requisition form for EDD forms and publications is provided on page 126 of this guide. Many of these items may also be requested through your local Employment Tax Customer Service Office (see directory on page 1) or through the Internet at www.edd.ca.gov.

LOST FORMS- WHAT TO DO

If forms are lost or damaged, request a replacement form from your local ETC SO (see directory on page 1) or use the employment tax forms available by accessing EDD's Internet site at: www.edd.ca.gov/taxform.htm

NOTE: If reporting forms cannot be obtained prior to the delinquency date, file an informal report to avoid penalty and interest charges. An informal DE 88, DE 3D, DE 6, or DE 7 should reflect the following information:

PAYROLL TAX DEPOSIT (DE 88)	QUARTERLY CONTRIBUTION RETURN (DE 3D)	QUARTERLY WAGE AND WITHHOLDING REPORT (DE 6)	ANNUAL RECONCILIATION STATEMENT (DE 7)
Employer Account Number	Employer Account Number	Employer Account Number	Employer Account Number
Business Name	Business Name	Business Name	Business Name
Business Address	Business Address	Business Address	Business Address
Payroll Date	Payroll Quarter	Payroll Quarter	Payroll Year
UI Tax (if end of quarter payment)	UI Tax	Employee Social Security Number	Total UI Tax for 2000
ETT (if end of quarter payment)	ETT	Employee Full Name (Jane D Jones)	Total ETT for 2000
SDI Withheld	SDI Withheld	Individual Employee Subject Wages	Total SDI Withheld for 2000
PIT Withheld	PIT Withheld	Individual Employee PIT Wages	Total Subject Wages for 2000
Payment Quarter (quarter and year that wages were paid)	Type or write "Voluntary DI Plan" on the informal report	Individual Employee PIT Withheld	Total UI/ETT Taxable Wages for 2000
Payment Type (next-day banking, semi-weekly, monthly, or quarterly)		Subtotals per page	Total SDI Taxable Wages for 2000
		Grand Totals	Total PIT Withheld for 2000

Sign the informal report or return and mail the form and any payment due to:

**Employment Development Department
P.O. Box 826847
Sacramento, CA 94247-0001**

EMPLOYER NOT AT FAULT (HOLD HARMLESS PROVISION)

If it can be substantiated that incorrect instructions were given to an employer by EDD staff, the Department's current policy is to not penalize the employer for failure to comply with the law. If management in the office you have been working with cannot resolve your questions, please call the Problem Resolution Office for further assistance at (916) 654-8957.

**INTERNET
ADDRESS AND
CONTENT LISTING**

General information about EDD's many diverse programs is available to you on the Internet. Please use the following address to access EDD's home page: **www.edd.ca.gov**.

The following is currently available on EDD's Internet site:

- Employer registration information and forms
- Tax and UI forms and publications
- Tax filing information
- Tax Forum
- New statutes and regulations (for example, New Employee Registry)
- Benefit Determination Guide for UI eligibility
- Unemployment and Disability Insurance eligibility information
- Questions and answers for each program (UI, ETT, SDI, and PIT)
- Locations of offices
- Statistical information on California's labor force
- Census data
- Payroll Tax Seminars
- Recruitment and referral services for employers

**TAX FORUM ON
THE INTERNET**

The "Tax Forum" is sponsored by the Tax Branch Outreach and Education Office. It provides an opportunity for employers to share their ideas and concerns about forms, publications, and customer service issues with EDD through the Internet 24 hours a day. You can find the "Tax Forum" by selecting "For Employers" on the EDD home page: **www.edd.ca.gov**.

**PAYROLL TAX
SEMINARS**

The EDD is here to help employers! We have designed State Payroll Tax Seminars especially for you! These beginning, intermediate, and advanced level seminars will help you to:

- Understand who, what, how, and when to report state employment taxes
- Avoid common pitfalls and costly mistakes
- Control unemployment insurance costs
- Learn the differences between independent contractors and employees
- Discover services and resources available to you at no cost

State Payroll Tax Seminars are regularly presented at locations throughout the State of California. To find out more about a seminar near you, call one of these ETCOs:

Downey (562) 923-1237

Laguna Hills (949) 768-6102

Sacramento (916) 464-3502

San Francisco (415) 929-5700

or access EDD's Internet site: **www.edd.ca.gov**

GENERAL INFORMATION

WHERE TO ORDER CALIFORNIA UNEMPLOYMENT INSURANCE CODE AND CODE OF REGULATIONS

The *California Unemployment Insurance Code* may be purchased by contacting:

**Employment Development Department
Business Operations Planning and Support
Division, MIC 62
P.O. Box 826880
Sacramento, CA 94280-0001**

Telephone: (916) 654-7638

**The CUIC is available on the Internet at:
leginfo.ca.gov/calaw.html**

The *Title 22, California Code of Regulations* may be purchased by contacting:

**Barclays Law Publishers
P.O. Box 95767
Chicago, IL 60694-5767**

Telephone: (800) 888-3600

Fax: (650) 244-0408

**The California Code of Regulations, including
Title 22, is available on the internet at:
www.calregs.com**

SETTLEMENTS PROGRAM

The EDD Settlements Program was implemented on January 1, 1998, for employment tax matters that are in dispute. Employment tax matters in dispute are those matters that are the subject of protests, appeals, or refund claims. The primary intent of the Settlements Program is to provide employers and the State an opportunity to avoid the cost of prolonged litigation associated with resolving disputed employment tax issues.

When reviewing an offer, the EDD will consider the risks and costs for the State associated with litigating the issues balanced against the benefit of reaching a settlement agreement. A settlement offer will not be accepted for final tax liabilities, cases still in process, cases involving fraud or criminal violations, or solely for issues of fairness or financial hardship. Depending on the reduction of tax and penalties and the petition status of the case, settlement agreements are subject to approval by an Administrative Law Judge, the California Unemployment Insurance Appeals Board, or the Attorney General before they can be finalized. If you have questions regarding the Settlements Program please call the Settlements Office at (916) 654-7162 or (916) 653-9130. To request *Information Sheet: Settlements Program* (DE 231SP), please contact your nearest ETCSO (see directory on page 1). Settlement offers may be submitted to:

**Employment Development Department
Settlements Office, MIC 93
P.O. Box 826880
Sacramento, CA 94280-0001**

Fax: (916) 654-6969

OFFERS IN COMPROMISE

EDD accepts applications for Offers in Compromise (OIC) that enable a qualified tax debtor to eliminate an employment tax liability at less than full value.² To qualify for an OIC, the liability must be final and undisputed. The account must be inactive and out-of-business or the applicant must no longer have a controlling interest or any association with the business that incurred the liability. In addition, the applicant must meet all financial requirements, and full financial disclosure is required to analyze the offer. If you have questions or wish to request *Information Sheet: Offers In Compromise* (DE 631C) please contact OIC at (916) 464-2726.

² Assembly Bill 1238, 1-1-94

**UNDERGROUND
ECONOMY**

The "Underground Economy" is a term that refers to those individuals and businesses that deal in cash and/or use other schemes to conceal their activities and their true tax liability from government licensing and tax agencies.

Underground economy employers gain an unfair business advantage because they do not pay workers' compensation and state and federal payroll taxes.

Do not allow underground economy businesses to make you pay their taxes and gain an unfair competitive advantage. To report businesses that are paying workers undocumented cash payments, failing to carry workers' compensation insurance, or not complying with labor and licensing laws, please call EDD at the following number:

**Underground Economy Operations Hotline
(800)-528-1783**

**FEDERAL
UNEMPLOYMENT
TAX ACT (FUTA)
CERTIFICATION**

The Federal Unemployment Tax Act provides for cooperation between state and federal governments in the establishment and administration of unemployment insurance. Under this "dual" system, you are subject to the payroll tax requirements of both federal and state governments. You are required to file reports and pay unemployment taxes with EDD. You are also required to file Federal Form 940 to report total taxable UI wages and pay any amount due for federal unemployment tax.

On an annual basis, the IRS and EDD compare amounts reported on Form 940 and Lines C and D2 of your DE 7 reported to EDD. When an "out of balance" condition exists, a reconciliation must be made or an assessment may be issued by either EDD or the IRS.

If you have any questions regarding the FUTA Certification process, please contact EDD's, FUTA Certification Unit, at (916) 654-8545.

**PROTECTING
YOUR PRIVACY**

The employees of EDD's Tax Branch respect your privacy, and all collected payroll tax information is treated confidentially.

Employers and employees may access their own personal information by mailing a written request specifying information to the Tax Disclosure Office. You may also authorize your agent or representative to access your personal information through a written authorization or a power of attorney waiving your privacy rights.

You may contact the Tax Disclosure Office at:

**Employment Development Department
Tax Disclosure Office, MIC 93
P.O. Box 826880
Sacramento, CA 94280-0001**

Telephone: (916) 654-5981

DID YOU KNOW?

Employers are required to keep payroll records for four years. However, you must keep records of payments to workers for at least eight years if you think the people who work in your business are not your employees in case you are audited by EDD.

EMPLOYERS' BILL OF RIGHTS

COMMITMENT

The EDD is committed to applying the employment tax laws of the State of California in an equitable and impartial manner. The Tax Branch of EDD developed the following information to inform you of your rights during the employment taxation process.

OFFICE OF THE TAXPAYER RIGHTS ADVOCATE

The EDD's Tax Branch has established the Office of the Taxpayer Rights Advocate. The Taxpayer Rights Advocate is responsible for providing a clear, consistent focus on protecting the rights of the taxpayer.

Incorporated within the Office of the Taxpayer Rights Advocate is the Problem Resolution Office (PRO), which is responsible for protecting the rights of taxpayers during any phase of the employment tax assessment and collection process, while also protecting the interests of the State.

If you are unable to resolve an employment tax problem with an EDD representative, supervisor, and office manager, you may contact the PRO for assistance. The PRO will review the issues and facts of your case to ensure that your rights have been protected. The PRO will also work to facilitate a resolution to your problem. You may contact PRO at:

**Employment Development Department
Office of the Taxpayer Rights Advocate, MIC 93
P.O. Box 826880
Sacramento, CA 94280-0001**

**Telephone: (916) 654-8957
Fax: (916) 654-6969**

EMPLOYER RIGHTS

As an employer, you have the right to:

- Courteous and timely service from EDD employees.
- Expect that information maintained by EDD be kept confidential and not published or made available for public inspection. However, in certain instances, the law requires this information to be shared with other governmental agencies. When those instances occur, EDD closely follows the law to protect your rights to confidentiality.
- Call upon EDD for accurate information and assistance and to have all your questions answered.
- Receive a clear and accurate account statement if EDD believes you owe a tax.
- Request a filing extension for up to 60 days. The law provides that EDD may grant a filing extension where good cause is shown for a delay.
- An impartial audit and a full explanation of our audit findings if your business is selected for an audit.
- Discuss an issue(s) with an EDD representative, supervisor, and office manager if you disagree with an action taken by EDD.
- Appeal certain actions to the California Unemployment Insurance Appeals Board.

For a complete explanation of your rights, use the order form on page 126 to request the pamphlet *Employers' Bill of Rights* (DE 195) in English or Spanish.

PAYROLL TAX CHART				
	UNEMPLOYMENT INSURANCE (UI)	EMPLOYMENT TRAINING TAX (ETT)	STATE DISABILITY INSURANCE (SDI)	PERSONAL INCOME TAX (PIT)
WHO PAYS	Employer	Employer	Employee (employer withholds SDI from employee wages)	Employee (employer withholds PIT from employee wages)
TAXABLE WAGES	First \$7,000 of subject wages per employee, per year	First \$7,000 of subject wages per employee, per year	First \$46,327 of subject wages per employee, per year	Please refer to PIT withholding tables on pages 86 through 117.
TAX RATE	Changes each year based on an employer's UI experience. The EDD notifies employers of new rates each December. Generally, new employers pay a rate of 3.4 percent for the first three tax years.	Set by statute at 0.1 percent of taxable wages	Set by the California Legislature. For wages paid from January 1 through March 31, 2000, the SDI tax rate is .5 percent (.005). For wages paid from April 1, through December 31, 2000, the SDI tax is .7 percent (.007)	California PIT is withheld based on the employee's W-4 or DE 4
MAXIMUM TAX	\$378 per employee, per year. (Calculated at the highest UI tax rate of 5.4 percent.)	\$7 per employee, per year	\$324.28 per employee. The maximum tax can be calculated by multiplying \$46,327 by the SDI for 2000.	No maximum
FOR MORE INFORMATION, REFER TO PAGES	34 48	64 66	34 58	34 60



NOTE: Some types of employment are exempt from employment taxes and PIT. Please refer to "Types of Employment" on page 69. Certain types of wages/benefits are exempt from employment taxes; please refer to "Types of Payments" on page 78.

SCHEDULE OF EMPLOYER REQUIREMENTS

EVENT	REQUIREMENTS	FORM TITLE/NUMBER	PAGE
Hire employee	Employee completes the Internal Revenue Service form for federal income tax withholding.	<i>Employee's Withholding Allowance Certificate (W-4)</i>	60
	Employee completes the DE 4 form for state PIT withholdings if status or allowance(s) are different from federal W-4.	<i>Employee's Withholding Allowance Certificate (DE 4)</i>	60
	All employers are required to report newly hired employees to EDD within 20 days of the start-to-work date.	<i>Report of New Employee(s) (DE 34) (preferred form) or Magnetic Media</i>	27
	Provide a copy to employee at the time of hiring.	<i>State Disability Insurance Provisions (DE 2515) and For Your Benefit (DE 2320)</i>	58 25
Pay wages exceeding \$100 in any calendar quarter	File your industry specific registration form with EDD within 15 days of paying wages that meet this criteria.	Industry specific registration forms: <i>Commercial</i> DE 1 <i>Agricultural</i> DE 1AG <i>Government/Schools</i> DE 1GS <i>Non-Profit</i> DE 1NP <i>Personal Income Tax Only</i> DE 1P	20
	<i>Notice to Employees</i> regarding UI/SDI benefits must be posted for employees to read.	<i>Notice to Employees (DE 1857A)</i>	25
	<i>Notice to Employees</i> regarding W-4 (May be posted for employees to read.)	<i>Notice to Employees (DE 35)</i>	25
Household employers must register with EDD and withhold SDI when cash wages of \$750 are paid in any calendar quarter. In addition, household employers must pay UI and ETT once wages of \$1,000 are paid in a calendar quarter within the current calendar year or within the preceding calendar year.	File your registration form with EDD within 15 days of paying wages that meet this criteria.	<i>Registration Form for Employers of Household Workers (DE 1HW)</i> For more information, please request the <i>Household Employer's Guide (DE 8829)</i> Note: Refer to page 30 of this guide for information regarding the Tax Telefile option to electronically file wage reports and pay employer tax payments.	17

(table continued)

NOTE: This table should be used only as a general guide and does not include all necessary dates and forms for all employers. If you have any questions, please contact your local Employment Tax Customer Service Office, State Disability Insurance Office, or Unemployment Insurance Office.

SCHEDULE OF EMPLOYER REQUIREMENTS

EVENT	REQUIREMENTS	FORM TITLE/NUMBER	PAGE
Deposit taxes withheld	After withholding over \$400 of PIT, deposit SDI and PIT with EDD using next banking day, semi-weekly, or monthly schedule. Pay UI and ETT and any remaining SDI and PIT withheld by the end of each quarter.	<i>Payroll Tax Deposit</i> (DE 88)	33
		OR	34
		Electronic Funds Transfer (EFT)	30
Pay Period	Wages are reportable in the quarter paid (e.g., pay period ends 9/29 but wages are paid 10/1. Wages are reportable on the 4 th quarter return.)	<i>Payroll Tax Deposit</i> (DE 88)	33
		<i>Quarterly Wage and Withholding Report</i> (DE 6)	42
Calendar quarter ends (payment of payroll taxes)	Submit end of quarter UI, ETT, PIT, and SDI payments by the last day of the month following the end of the quarter (April, July, October, January). UI and ETT payments may be submitted voluntarily during the quarter.	<i>Payroll Tax Deposit</i> (DE 88)	33
		OR	34
		Electronic Funds Transfer (EFT)	30
Calendar quarter ends (wage reports)	Report individual employees' subject wages, PIT wages, and PIT withheld. Submit by the last day of the month following the end of the quarter (April, July, October, January).	<i>Quarterly Wage and Withholding Report</i> (DE 6) or electronic filing methods <i>Quarterly Report of Wages and Withholdings for Employer of Household Workers</i> (DE 3B HW)	42 Refer to the <i>Household Employer's Guide</i> (DE 8829) for additional information.
No quarterly payroll	Employer had no employees, no payroll for the entire quarter.	<i>Quarterly Wage and Withholding Report</i> (DE 6) (All employers, including those that normally use magnetic media, use the paper DE 6 when they have a quarter with no payroll.)	42 Refer to <i>Magnetic Media Reporting Requirements for Quarterly Wage and Withholding Reporting Program</i> (DE 8300) for additional information.
Correct information filed on the <i>Payroll Tax Deposit</i>	To correct an overpayment or underpayment, make adjustments on your next DE 88. NOTE: To receive a refund, refer to the Tax and Wage Adjustments Chart, page 50.	<i>Payroll Tax Deposit</i> (DE 88)	41
		<i>Tax and Wage Adjustments Form</i> (DE 678)	46
Correct information filed on the <i>Quarterly Wage and Withholding Report</i>	To correct previously reported, or unreported, total subject wages, PIT wages, and PIT withholding.	<i>Tax and Wage Adjustments Form</i> (DE 678)	46

(table continued)

NOTE: This table should be used only as a general guide and does not include all necessary dates and forms for all employers. If you have any questions, please contact your local Employment Tax Customer Service Office, State Disability Insurance Office, or Unemployment Insurance Office.

SCHEDULE OF EMPLOYER REQUIREMENTS

EVENT	REQUIREMENTS	FORM TITLE/NUMBER	PAGE
Employee leaves job	Provide <i>For Your Benefit and State Disability Insurance Provisions</i> brochure and a written notice regarding change in employment relationship to employee when he or she becomes unemployed.	<i>For Your Benefit</i> (DE 2320)	25
		<i>State Disability Insurance Provisions</i> (DE 2515)	58
Former employee files UI claim	Return <i>Notice of Unemployment Insurance Claim Filed</i> to EDD within 10 days of mailing date.	<i>Notice of Unemployment Insurance Claim Filed</i> (DE 1101C/Z)	53
	Return <i>Notice of Wages Used for Unemployment Insurance (UI) Claim</i> to EDD within 15 days of the date shown on the form if the notice is regarding eligibility or within 20 days if the notice is regarding wages.	<i>Notice of Wages Used for Unemployment Insurance (UI) Claim</i> (DE 1545)	53
Former employee files UI claim - employer disagrees with EDD determination	Appeal to EDD within 20 days of mailing date if you disagree with determination/ruling.	<i>Notice of Determination/ Ruling</i> (DE 1080)	54
Employee files SDI claim	Provide a <i>State Disability Insurance Provisions</i> to employee if leaving work because of illness, injury, or pregnancy.	<i>State Disability Insurance Provisions</i> (DE 2515)	58
	File the <i>Notice to Employer of State Disability Claim Filed</i> with EDD within 2 working days of receipt.	<i>Notice to Employer of State Disability Claim Filed</i> (DE 2503)	25
Quarterly benefit audit to detect employee wages earned while collecting UI benefits	Return Benefit Audit to EDD within 10 days of mailing date.	<i>Benefit Audit</i> (DE 1296B)	56
Last calendar quarter of the year	File protest to items on the <i>Statement of Charges to Reserve Account</i> with EDD within 60 days of the mailing date.	<i>Statement of Charges to Reserve Account</i> (DE 428T)	50
	<i>Notice of Contribution Rates and Statement of UI Reserve Account</i> provides tax rates for UI, SDI, and ETT for following year. File any protests with EDD within 60 days of mailing date.	<i>Notice of Contribution Rates and Statement of UI Reserve Account</i> (DE 2088)	49

(table continued)

NOTE: This table should be used only as a general guide and does not include all necessary dates and forms for all employers. If you have any questions, please contact your local Employment Tax Customer Service Office, State Disability Insurance Office, or Unemployment Insurance Office.

SCHEDULE OF EMPLOYER REQUIREMENTS

EVENT	REQUIREMENTS	FORM TITLE/NUMBER	PAGE
End of calendar year	Provide W-2/1099 to workers by January 31 of the following year.	<i>Wage and Tax Statement/Tax Statement for Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. (W-2/1099-R)</i>	63
End of calendar year - incorrect wages reported on employee's <i>Wage and Tax Statement, W-2</i>	Provide a corrected <i>Wage and Tax Statement Correction Form</i> to employees.	<i>Wage and Tax Statement Correction Form (W-2C)</i>	63
	If an incorrect <i>Annual Reconciliation Statement (DE 7)</i> has been sent to EDD, complete a <i>Tax and Wage Adjustments Form (DE 678)</i> to correct employees' subject wages, PIT wages, PIT withholding, name, or Social Security Number.	<i>Tax and Wage Adjustments Form (DE 678)</i>	46
End of calendar year	File <i>Annual Reconciliation Statement</i> with EDD by January 31 of the following year.	<i>Annual Reconciliation Statement (DE 7)</i>	44
	File <i>Annual Payroll Tax Return for Employers of Household Workers</i> with EDD by January 31 of the following year.	<i>Annual Payroll Tax Return for Employers of Household Workers (DE 3HW)</i>	Refer to the <i>Household Employer's Guide (DE 8829)</i> for additional information.
Sale of business	After employer files final <i>Payroll Tax Deposit (DE 88)</i> , <i>Quarterly Wage and Withholding Report (DE 6)</i> , and <i>Annual Reconciliation Statement (DE 7)</i> and pays any amounts owing, he or she may request a <i>Certificate of Release of Buyer</i> .	<i>Certificate of Release of Buyer (DE 2220)</i> .	22
Quitting business	Employer files final DE 88, DE 6, and DE 7 and pays any taxes owed within 10 days of quitting business. Please check "Box D" on the DE 6 and "Box B" on the DE 7 to indicate that this is your final report.	<i>Payroll Tax Deposit (DE 88)</i>	33
		<i>Quarterly Wage and Withholding Report (DE 6)</i>	42
		<i>Annual Reconciliation Statement (DE 7)</i>	44
No longer have employees	Employer files final DE 88, DE 6, and DE 7 and pays any taxes owed. Please check "Box D" on the DE 6 and "Box B" on the DE 7 to indicate that this is your final report.	<i>Payroll Tax Deposit (DE 88)</i>	33
		<i>Quarterly Wage and Withholding Report (DE 6)</i>	42
		<i>Annual Reconciliation Statement (DE 7)</i>	44

NOTE: This table should be used only as a general guide and does not include all necessary dates and forms for all employers. If you have any questions, please contact your local Employment Tax Customer Service Office, State Disability Insurance Office, or Unemployment Insurance Office.

WHO IS AN EMPLOYER?

GENERAL DEFINITION

An "employer" is a person or legal entity who hires one or more persons to work for a wage or salary. "Employer" includes:

- Sole proprietors
- Partnerships
- Joint ventures
- Limited liability companies
- C-Corporations
- S-Corporations
- Estates
- Associations
- Non-profit organizations
- Trusts
- Public entities
- Charitable foundations
- State and Federal agencies
- Other organizations

HOUSEHOLD EMPLOYERS

An employer of household workers must report when he or she employs one or more individuals to perform work and pays cash wages of \$750 in a calendar quarter. You must register with the Employment Development Department within 15 days after you pay the total cash wages you have paid equals or exceeds \$750 in any calendar quarter.

An employer of household services can be a:

- Private household
- Local college club
- Local chapter of a college fraternity or sorority

To obtain registration material, please call your local Employment Tax Customer Service Office (ETCSO) (see directory on page 1) or access EDD's Internet site: www.edd.ca.gov/taxfmind.htm

A guide designed specifically for household employers, the *2000 Household Employer's Guide* (DE 8829), can be ordered by using the order form found on page 126. You can also request a guide from your local ETCSO (see directory on page 1).

ADDITIONAL INFORMATION

Additional information on subject wages for personal income tax and unemployment insurance taxes can be found on page 23. Special classes of employment and special types of payments can be found in this guide in the "Types of Employment" table (beginning on page 69) and "Types of Payments" table (beginning on page 78). To request additional information, contact your local ETCSO (see directory on page 1), or use the order form provided on page 127 of this guide.

DID YOU KNOW?

The California Unemployment Insurance Appeals Board provides the following publications to help you prepare for unemployment insurance benefit appeals hearings:

- *Guide for Claimants, Employers and Their Representatives*, DE 1434
- *Appeals Procedure*, DE 1433

Request copies of these publications from:

Office of the Chief Administrative Law Judge
2400 Venture Oaks Drive, Suite 150
Sacramento, CA 95833

See page 55 for additional information on the appeals process.

**GENERAL
DEFINITION**

An "employee," as defined in the California Unemployment Insurance Code (CUIC), includes all of the following:

- Any officer of a corporation
- Any worker who is an employee under the usual common law rules
- Any worker whose services are specifically covered by law (a statutory employee)

An employee may perform services on a less than full-time or temporary basis. The law does not exclude services from employment, which are commonly referred to as day labor, part-time help, casual labor, temporary help, probationary, or outside labor.

**"COMMON
LAW"
EMPLOYEE OR
INDEPENDENT
CONTRACTOR**

"Common law," as we know it, has evolved slowly over the centuries based upon decisions rendered by the courts on individual cases. The **common-law rules of employment**, as they exist today, are the total of all court decisions related to the question of what constitutes an employment relationship.

An employer-employee relationship exists when a person who hires an individual to perform services has the right to exercise control over the manner and means by which the individual performs his or her services. The **"right of control,"** whether or not exercised, is the most important factor in determining the relationship. Tax decisions by the California Unemployment Insurance Appeals Board (CUIAB) are based on the right of control factor along with examination of the secondary factors, when necessary. For examples of CUIAB tax decisions that illustrate the application of the common law rules, please order *Information Sheet: Employment*, DE 231, by contacting your local Employment Tax Customer Service Office (ETCSO) (see directory on page 1) or by using the order form provided on page 128 of this guide.

Incorrectly classifying your workers can be a costly mistake. If you are found to have treated employees as independent contractors, you could be liable for back taxes, penalties, and interest. To help you determine if you have correctly classified your workers, EDD has provided several options:

- ***Employment Determination Guide (DE 38)*** - This guide provides a series of "Yes or No" questions regarding your treatment of workers that can help you determine if a problem may exist and whether you need to seek additional guidance.
- ***Determination of Employment Work Status for Purposes of State of California Employment Taxes and Personal Income Tax Withholding (DE 1870)*** - This form provides a series of questions regarding your relationship with your workers. After you complete and return this form, EDD will send you a written determination stating whether your workers are employees or independent contractors based on the facts that you have provided.

For verbal guidance on worker classification issues, you may call your local ETCSO (see directory on page 1).

EDD also publishes detailed Information Sheets on general and industry specific issues. To request Information Sheets, use the order form provided on page 128 of this guide, contact your local ETCSO (see directory on page 1), or access EDD's Internet site:

www.edd.ca.gov/taxfmind.htm

DID YOU KNOW?

Two new filing options are available for employers to report employee wages, PIT wages, and PIT withheld. Employers with five employees or less may find the Tax Telefile system a good alternative to filing employee wages on paper (see page 30 for details). Larger employers may find Electronic Data Interchange, or EDI, a good alternative to filing employee wages on paper (see page 31 for details).

EMPLOYER REGISTRATION

WHEN TO REGISTER

All employers conducting business in California are subject to the employment tax laws of the California Unemployment Insurance Code. A business becomes a subject employer as soon as it pays **accumulative wages** in excess of \$100 in a calendar quarter to one or more employees (except for household employers, see page for details). Wages consist of compensation for services performed, including cash payments, commissions, bonuses, and the reasonable cash value of non-monetary payments for services, such as meals and lodging. Generally, all wages are considered subject wages. Once subject, an employer **must** report wages for that year and the following year, regardless of the amount of wages paid. After that period, the employer remains subject unless there are eight consecutive quarters when wages do not exceed \$100.

Employers of household workers should refer to the 2000 *Household Employers' Guide* (DE 8829) for information regarding when to register with EDD.

Employers are responsible for reporting subject wages paid to their employees and paying UI tax and ETT on those wages, withholding and paying SDI and California PIT due on wages paid to workers, and reporting wages subject to California PIT. Once a business becomes a subject employer, the owner must register with EDD within 15 days.

When you register with EDD, you receive an eight-digit employer account number that identifies your business for the purpose of reporting and collecting employment taxes.

Examples of when an employer becomes subject are:

- An employer hires a permanent employee during the month of March at a wage of \$7 per hour. The employee is paid wages of \$80 in March and \$200 in April. The employer is "subject" effective in April, since the employer did not pay the employee over \$100 during the first quarter of the year but paid more than \$100 during the second quarter of the year.
- An employer hires an employee for one day in April and pays the employee \$80. The employer hires another employee for half a day on May 4 and pays this employee \$40. The individual must register with EDD as an employer by May 19. The individual became an employer when the second employee was paid \$40 because \$80 plus \$40 is over \$100. The employer must register with EDD within 15 days of becoming an employer.
- A corporation operates without any employees except for the corporate president. The corporate president performs services for the corporation and is considered an employee by law. The corporate president draws no salary from the corporation but pays all of his personal bills from the corporate bank account. His personal bills for the first month of the corporation's operations totaled \$1,500. The corporation became an employer the first month of its operations because the personal bills of the corporate president were paid by the corporation and are considered wages to the corporate president.
- A general partnership operates a business in which each partner draws a salary of \$1,000 per month. The partnership has no employees. The partnership is not required to register as an employer since partnership draws are not wages subject to UI, ETT, SDI, or PIT withholding, and are not reportable as PIT wages.
- A limited liability company (LLC) is managed by its three members, who operate the enterprise without employees. After several years, the LLC hires an employee to help in the business enterprise. The LLC is required to register as an employer within 15 days of paying an employee accumulative wages exceeding \$100 in a calendar quarter.

**HOW TO REGISTER
(OBTAINING AN
EMPLOYER
ACCOUNT
NUMBER)**

EDD has designed a series of industry specific registration forms that request information relative to each type of employer:

Commercial	DE 1	Non-Profit	DE 1NP
Agricultural	DE 1AG	Personal Income Tax Only	DE 1P
Government/Schools	DE 1GS	Household	DE 1HW

A registration form may be obtained by calling your nearest Employment Tax Customer Service Office (see directory on page 1). Please mail the completed registration form to:

**Employment Development Department
Tax Status and Examination Group, MIC 28
P.O. Box 826880
Sacramento, CA 94280-0001**

OR

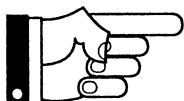
Fax your completed registration form to (916) 654-9211.

OR

Register by telephone by calling EDD's TELE-REG SERVICE at (916) 654-8706. Employers using EDD's TELE-REG Service receive their employer account number over the phone. After you receive an account number, **you may still be required to complete the registration form specified for your industry.** EDD will notify you if it is necessary for you to complete a registration form. Please send the completed registration form to the Tax Status and Examination Group at the address listed above.

After you register, please include your account number in all correspondence sent to EDD. Your account number must be used when you file your quarterly reports for UI, ETT, SDI, and PIT. If a bank or payroll service prepares your reports, be sure to provide them with your eight-digit account number.

Please be sure to include your nine-digit Federal Employer Identification Number (FEIN) on the EDD registration form so that Federal Unemployment Tax Act (UI tax) credits can be properly applied to your account when claimed on your IRS Form 940. For information on federal filing requirements, contact the nearest Internal Revenue Service (IRS) office.

**NOTE:**

- You must register with the Secretary of State to be considered a legal limited liability company, limited liability partnership, limited partnership, or corporation.
- You should contact the IRS, your workers' compensation insurance carrier, and the Department of Industrial Relations to ensure that you are in compliance with federal laws, state workers' compensation statutes, and overtime rules.

DID YOU KNOW?

Each quarter, an issue of EDD's *California Employer* newsletter is included with your Quarterly Wage and Withholding Report (DE 6).

This newsletter provides important information for employers about employment taxes, tax legislation, and news on EDD's programs and services. It also provides helpful reporting tips that can save you time or help you avoid common errors. Please take a few minutes to read the *California Employer* each quarter.

EMPLOYER CHANGE OF STATUS

GENERAL DEFINITION

A change of employer status happens when an employer no longer has employees, closes the business, purchases or sells the business, moves the business location, or changes business ownership.

EMPLOYER CHANGE OF ADDRESS

To change your business address, please complete a change of address form which is provided in the *Payroll Tax Deposit* coupon book or the *Instructions for Preparing Payroll Tax Deposit*, DE 88 All. You may also use a *Notification of Change of Address, Business Ownership, or Discontinuance of Business* (DE 24), which can be printed from EDD's Internet site at **www.edd.ca.gov** or requested from your nearest Employment Tax Customer Service Office (ETCSO) (see directory on page 1). **DO NOT make any changes to the preprinted data on the front of the *Payroll Tax Deposit* (DE 88), *Quarterly Contribution Return* (DE 3D), *Quarterly Wage and Withholding Report* (DE 6), or *Annual Reconciliation Statement* (DE 7).**

PURCHASE, SALE, TRANSFER, OR ENTITY CHANGE

All registered employers must report any change in business status (for example: any change in business name or legal entity, or a legal change from partnership or limited liability company to corporation) in writing or by completing an updated *Registration Form* (DE 1) and mailing it to:

**Employment Development Department
Account Services Group, MIC 28
P.O. Box 826880
Sacramento, CA 94280-0001**

Fax: (916) 654-9211

Please be sure to include your eight-digit account number, your name, and your telephone number in all correspondence you send to EDD.

A new account number may not be required. When there is a change in the type of ownership but one or more owners of the business remain, the new entity retains the same account number and files reports as though there were one business for the entire year. For additional information on whether a new account number is necessary, contact the Account Services Group at the above address or at (916) 654-7041.

SUCCESSOR EMPLOYER

A successor employer is an employer who acquired all or part of another employer's business. The successor employer may receive all or part of the predecessor's reserve account balance by applying for a reserve account transfer, which may qualify the successor for a lower UI tax rate. For more information on reserve account transfers, refer to page 49 or contact the Contribution Rate Group at (916) 653-7795.

NOTE:

- There are time limits to qualify for a lower UI tax rate – apply for a reserve account transfer immediately after purchase an ongoing business.
 - Acquiring all or part of the stock in a corporation does not constitute a new employing unit. The corporation retains the same account number.
-

**RELEASE OF
BUYER (ESCROW
CLEARANCE)**

When purchasing a business, the buyer should contact the nearest ETC SO (see directory on page 1) to request a *Certificate of Release of Buyer* (DE 2220) in order to avoid liability for the seller's unpaid payroll taxes. Until a DE 2220 is issued, the buyer must withhold, in escrow, an amount of funds sufficient to cover all amounts due to EDD from the seller. The amount withheld should not exceed the purchase price of the business. For additional information, refer to *Information Sheet: Requirements for Obtaining Certificate of Release of Buyer When a Business Is Sold* (DE 3409A). To obtain a *Certificate of Release of Buyer*, the seller must pay all amounts owed to EDD. Payment must be made by cash, cashier's check, certified check, escrow check, or money order payable to EDD.

For protection from potential liability, the buyer should make sure that the escrow funds are not disbursed until the DE 2220 is issued by EDD. **Compliance with Section 3440, Code of Civil Procedure, regarding the publishing of a Notice of the Intended Sale of Business, will not relieve the buyer of his or her obligation to EDD.**

**NO LONGER HAVE
EMPLOYEES?**

If you no longer have employees and will not be reporting wages in any future quarter, you must send a final DE 88 with payment, DE 6, and DE 7.

**QUITTING
BUSINESS**

Employers quitting business **are required** to file a DE 88 with payment, DE 6, and DE 7 within 10 days of quitting business, **regardless** of the usual reporting period due date.

EMPLOYER CHANGE OF STATUS

GENERAL DEFINITION OF SUBJECT WAGES



Subject wages are all payments made to an employee for personal services, whether paid by cash, check, or the reasonable cash value of non-cash payments, such as meals and lodging. Generally, all wages are considered subject wages and are used to determine Unemployment Insurance (UI) and State Disability Insurance (SDI) benefits.

Subject wages are the full amount of wages, regardless of the \$7,000 UI and \$46,327 SDI taxable wage limits, and are entered in Item G of the *Quarterly Wage and Withholding Report* (DE 6). For special classes of employment and payments that may not be considered subject wages, refer to the Appendix, "Types of Employment", page 69, and "Types of Payments", page 78.

The method of payment does not change the taxability of wages paid to employees, whether by private agreement, consent, or mandated by law. Even if the employee is a casual worker, day or contract laborer, part-time, or temporary worker, paid by the day, by the hour, or any other measurement, the payments are still considered wages. For additional information request:

- *Information Sheet: Wages* (DE 231A)
- *Information Sheet: How to Reduce Your Personal Income Tax Liability* (DE 231W)

To request the Information Sheets use the order form on page 128, or contact your local ETC SO (see directory on page 1), or access EDD's Internet site at: www.edd.ca.gov/taxfmind.htm

GENERAL DEFINITION OF PERSONAL INCOME TAX (PIT) WAGES

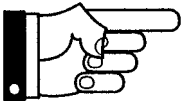
Personal Income Tax (PIT) wages are cash and non-cash payments subject to California PIT. Any wages that must be reported on an individual's California income tax return are PIT wages. Most payments for employees' services are reportable as PIT wages. An employee's calendar year total for PIT wages should agree with the amount reported on the employee's *Wage and Tax Statement*, W-2, in Box 17 (State Wages, Tips, etc.). The PIT wages must be reported quarterly in Item H of the DE 6.

For additional information on PIT wages, please request *Information Sheet: Personal Income Tax Wages Reported on the Quarterly Wage and Withholding Report* (DE 6) (DE 231PIT) by using the order form on page 128 or by contacting your local ETC SO (see directory on page 1).

DIFFERENCE BETWEEN SUBJECT WAGES AND PIT WAGES

In most situations, when wages are subject to UI, ETT, SDI, and PIT withholding, the subject wages and PIT wages are the same. Some examples of when subject wages and PIT wages are different are:

- Payments to a qualified retirement or pension plan are included as subject wages but are not reportable as PIT wages.
- Under certain situations, wages paid to family employees (minor son or daughter under 18, spouse, and parent) may not be reported as subject wages but are reportable as PIT wages. For additional information, refer to Types of Employment on page 70 or contact your local ETC SO (see directory on page 1).
- Payments made to employees of churches are not reported as subject wages but are reportable as PIT wages.

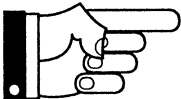


NOTE: If total subject wages and California PIT wages are the same, you still must enter both wage amounts on the DE 6 in their designated fields. If subject wages or PIT wages are "0" (zero), you must enter "0" (zero) and not leave the fields blank.

PAYROLL TAXES DUE

The employer is responsible for paying the following:

- UI and ETT
- Employee withholding for SDI and PIT
- Any associated penalty and interest due to late filing or late payment of taxes.



NOTE: If a business owner hires a worker as an independent contractor and at a later date it is determined that the worker is an employee, the business owner is financially liable for the unpaid taxes, even if the taxes were not withheld.

WHAT ARE SUBJECT WAGES FOR UI AND PIT TAXES?

EMPLOYERS WITHHOLDING PERSONAL INCOME TAX ONLY

Employers who are only required to withhold California PIT are also required to register with EDD. The employer is liable for the required PIT, whether or not it is withheld. By law, the filing of federal Form 1099 (issued to the worker) with the Franchise Tax Board does not relieve the employer of liability. The employer may be liable for the associated penalties or additions to the tax liability if these individuals are later held to be subject employees. For additional information, request *Information Sheet: How To Reduce Your Personal Income Tax Liability* (DE 231W), using the order form on page 128, or by contacting your local ETC SO (see directory on page 1).

HOW TO DETERMINE YOUR TAX AND WITHHOLDING REQUIREMENTS

The "Types of Employment" table, on page 69, and "Types of Payments" table, on page 78, identify special classes of employment, special types of payments, and their respective treatment for UI, ETT, SDI, and California PIT wages and withholding. If you have any questions regarding an individual's proper status in working for or with you, please contact your local ETC SO (see directory on page 1).

In addition to these tables, EDD has prepared "Information Sheets" for specific industries and types of services. You may request specific Information Sheets using the order form provided on page 128, or if you have questions, contact your local ETC SO (see directory on page 1) or access EDD's Internet site at: www.edd.ca.gov/taxmind.htm

DID YOU KNOW?

EDD provides employers and job seekers free access to CalJOBS, an Internet-based job matching service. The system allows employers to directly enter job listings with EDD through their personal computers and then browse resumes to locate qualified job seeker resumes from entry level to executive. For more information, visit our website at www.caljobs.ca.gov or call your local EDD Job Service site.

EMPLOYER OBLIGATIONS

NOTICES AND PAMPHLETS FOR EMPLOYEES

POSTING REQUIREMENTS

Once you are registered with EDD, you will receive a notice to inform your employees of their rights under the Unemployment Insurance (UI) and State Disability Insurance (SDI) programs. This **notice must be posted** in a prominent location, easily seen by your employees.

You will receive one of the following *Notices to Employees*:

- Employers subject to both UI and SDI will receive a DE 1857A
- Employers subject to UI only will receive a DE 1857D; and
- Employers subject to SDI only will receive a DE 1858

NOTICES AND PAMPHLETS

1. **State Personal Income Tax Withholding** - A *Notice to Employees* (DE 35) informs employees that their employers are required to send copies of *Employee's Withholding Allowance Certificate* (W-4) to the IRS if the certificate meets certain conditions. The notice also informs employees that they may request a review of the federal determination for state PIT withholding purposes. Please refer to "Marital Status, Withholding Exemptions and Allowances (DE 4 vs. W-4)" on page 65 for further information.
2. **Unemployment Insurance and State Disability Insurance Benefits** - The pamphlets listed below explain employee benefit rights, should your employees become unemployed, or ill, injured, or hospitalized due to causes not related to work. The following pamphlets **must** be given to each new employee and to each employee who leaves your employment.
 - *For Your Benefit*, DE 2320 (available in English, Spanish, Chinese, and Vietnamese), summarizes Unemployment Insurance claim information.
 - *State Disability Insurance Provisions*, DE 2515, (English) or DE 2515/S/ (Spanish), outlines the State Disability Insurance program.

NOTE: To request the pamphlets, notices, or forms listed above, see the order form on page 126.

Voluntary DI plan insurers have similar literature. Voluntary DI plan employers must also supply claim forms to their employees. For further information on voluntary plans, refer to page 59.

3. **Discharge, Layoff, Leave Of Absence** - You must give immediate written notice to an employee of his or her discharge, layoff, leave of absence, or a change in status from employee to independent contractor. No written notice is required in any of the following situations:
 - Voluntary quit
 - Promotion or demotion
 - Change in work assignment or work location
 - Stopping work due to a trade dispute

Notices to employees for discharge, layoff, leave of absence, or change of employment status should be prepared by the employer (EDD does not provide notices). Notices must include the following five items to meet the minimum requirements:

- Name of the employer
- Name of the employee
- Type of action: discharge, layoff, leave of absence, or change of employment status from employee to independent contractor
- Social Security Number of the employee
- Date of the action

**NOTICES AND
PAMPHLETS FOR
EMPLOYEES (cont.)**

The following sample meets the minimum requirements:

NOTICE TO EMPLOYEE AS TO CHANGE IN RELATIONSHIP (Issued pursuant to provisions of Section 1089 of the California Unemployment Insurance Code.)	
Name _____	SSN# _____
1. You were laid off/discharged on _____ 19____	
2. You were on leave of absence starting _____ 19____	
3. Your status changed from an employee to an independent contractor on _____ 19____	
_____ NAME OF EMPLOYER	
_____ BY	

You may wish to prepare the employee notice in duplicate and keep the second copy for your files.
A copy of the pamphlet *For Your Benefit - California's Programs for the Unemployed* (DE 2320) must be provided to the employee. Additional notices/pamphlets may be requested by completing the order form on page 126 and mailing it to:

**Employment Development Department
 1733W Sports Drive, Suite B
 Sacramento, CA 95834**

**PLANT
CLOSURES
AND
MASS LAYOFFS
(WARN ACT)**

The federal Worker Adjustment and Retraining Notification (WARN) Act requires employers to provide notice of 60 days in advance of covered plant closings and covered mass layoffs. This notice must be provided to affected workers or their representatives (e.g., labor union), to the appropriate local government, and to the State Dislocated Worker Unit at the following address:

**Employment Development Department
 Job Training Partnership Division, MIC 69
 SDA Support Section
 P.O. Box 826880
 Sacramento, CA 94280-0001**

A covered plant closing occurs when a facility or operating unit is shut down for more than six months, and 50 or more workers and one-third of the workforce lose their jobs as a result during any 30-day period. A covered mass layoff occurs when a layoff of six months or longer affects 500 or more workers, or 33 percent or more of the employer's workforce when the layoffs affect between 50 and 499 workers. The number of affected workers is the total number laid off during a 30-day period, or in some cases a 90-day period.

The **WARN Act** does not apply to the closing of temporary facilities or the completion of an activity when the workers were hired only for the duration of that activity. WARN also provides for less than 60 days notice when the layoffs were the result of the closing of a faltering company, unforeseeable business circumstances, or a natural disaster.

If the **WARN Act** applies to you, written notice 60 days in advance of any plant closure or mass layoff must be given to the following:

- Representatives of affected employees or to each employee
- Job Training Partnership Division, SDA Support Section
- The chief elected official of the unit of local government in the area where the closure or layoff will occur.

EMPLOYER OBLIGATIONS

PLANT CLOSURES AND MASS LAYOFFS (WARN ACT) (cont.)

The notice must include the following:

- Name and address of the employment site where the plant closing or mass layoff will occur
- Name and telephone number of a company official to contact for further information
- Date of closure or layoff and anticipated schedule for making separations
- Job titles of positions to be affected and the number of affected employees in each job classification
- An indication as to whether or not bumping rights exist
- Name of each union representing affected employees
- Name and address of the chief elected officer of each union

Employers who fail to provide the required notice to a unit of local government may be liable for civil penalties up to \$500 for each day of violation, and up to 60 days back pay and benefits to affected employees.

The EDD has established a **Rapid Response Team**, which is a cooperative effort between the Service Delivery Area (SDA) as the lead agency and the local EDD Job Service/Unemployment Insurance staff. This team disseminates information on the Job Training Partnership Act Title III Dislocated Worker Program (i.e., services and training and the EDD Job Service/Unemployment Insurance Program).

If the dislocation is the result of foreign competition, the dislocated worker may be eligible for assistance, income support, job search assistance/relocation, and/or training under the Trade Assistance Act or the North American Free Trade Act, and Trade Adjustment Assistance. Please refer to page 57 for additional information.

For more information about WARN Act requirements or the local SDA identification and telephone numbers, call the EDD Job Training Partnership Division at (916) 654-8008.

NEW EMPLOYEE REGISTRY

All employers are required to report new employees to the New Employee Registry (NER) Program. The NER program assists California's Department of Social Services and Department of Justice in the collection of delinquent child support obligations. California has requested that employers report the start-of-work date for each newly hired employee so that the NER data can be matched to the benefit payment file. This will result in the early detection and prevention of UI benefit overpayments.

Within 20 days of the start-of-work date, all employees who are newly hired must be reported. If an employee, who returns to work after a layoff or leave of absence, is required to complete a new W-4 form, the employer must report the employee as a new hire. If the returning employee was not formally terminated or removed from payroll records, the employee does not need to be reported as a new hire. The following information must be included when reporting new employees:

EMPLOYEE INFORMATION TO REPORT	EMPLOYER INFORMATION TO REPORT
<ul style="list-style-type: none">• Employee's first name and middle initial• Employee's last name• Employee's Social Security Number• Employee's home address• Employee's start-of-work date	<ul style="list-style-type: none">• Employer's name• Employer's address• Employer's EDD account number• Employer's federal ID number (FEIN)

Employers may use EDD's *Report of New Employee(s)* form (DE 34), a copy of the IRS Form *Employee(s) Withholding Allowance Certificate* (W-4), or their own reporting form. If you do not use EDD's DE 34, you must include the information in the above table on the W-4 or your own form.

To obtain a DE 34, please contact your nearest ETC SO (see directory on page 1) or use the order form provided on page 126.

**NEW EMPLOYEE
REGISTRY
(cont.)**

New employee information must be reported to EDD either by fax at (916) 653-5214, or by sending your form to:

**Employment Development Department
Information Management Group, MIC 23
P.O. Box 997016
West Sacramento, CA 95799-7016**

Magnetic media reporting may be used to report new employees. Multistate employers, who report new hires on magnetic media, can select one state in which they have employees to report new hires. For further information on magnetic media reporting, see page 32 and/or contact:

**Employment Development Department
Magnetic Media Coordinator, MIC 15
P.O. Box 826880
Sacramento, CA 94280-0001**

Telephone: (916) 654-6845

NOTE: An Internet reporting method is being developed. Once implemented, reporting of a DE 34 can be done by accessing the EDD web site at www.edd.ca.gov

A prerecorded telephone message has been provided to answer common NER questions and may be accessed by calling (916) 657-0529. At the end of the message, you may leave your name and telephone number and your call will be returned by the next business day. You may also contact your local ETC SO (see directory on page 1).

RECORD KEEPING

Employers are required to keep payroll records for at least 4 years. State law provides that if you believe that you are **not** a subject employer or your employees are exempt, you are required to maintain records of payments made to people who provide services to your business for at least eight years in case of an employment tax audit. Your records must provide a true and accurate account of **all** workers (employed, laid off, on a leave of absence, and independent contractor) and all payments made. Records must include the following information for each worker:

- Period covered by the pay period.
- Name and Social Security Number.
- Date hired, rehired, or returned to work after temporary layoff.
- Last date services were performed.
- Place of work.
- Money paid:
 - The dates and amounts of payment.
 - The period covered.
- Cash value of in-kind wages paid, including meals and lodging.
- Special payments in cash or in-kind (such as bonuses, gifts, prizes, etc.) showing the nature of the payment and the period the services were performed and special payments were made.
- The amounts withheld from employee wages. (You may be required to make withholding deposits. Please refer to "Employee Payroll Withholding Deposits" on page 34.)
- Disbursement records showing payments to workers.
- Such other information necessary to determine payments to workers.

EMPLOYER OBLIGATIONS

RECORD KEEPING (cont.)

Each year, the records of many employers are audited. Additional information that must be kept and could be required during an audit includes:

- Cash disbursement records.
- Checking account deposits and disbursements.
- If your business is a corporation, you will need incorporation papers.
- If your business is a partnership, make your partnership agreement available.
- Business income tax returns may be requested.
- Amounts and dates of payments to employees absent due to sickness or injury, whether you or a third party made the payment.
- The value of fringe benefits provided to workers.
- Tips reported by workers.
- Pension and annuity plans:
Copies of plans and agreements.
Amount and dates of payments under plans.
- Copies of your state and federal payroll returns and reports, *Employee's Withholding Allowance Certificates* (W-4s or DE 4s), and copies of employees' *Tax and Wage Statements* (W-2s).

If your payroll office is located outside of California, you must furnish payroll records to EDD upon request.

For additional information on employment tax audits, request *Information Sheet: Employment Tax Audit Process* (DE 231 TA) from your nearest ETC SO (see directory on page 1).

INTRODUCTION

The EDD is offering new methods of filing payroll tax reports that allow you to file reports electronically. The following sections describe each of these filing option.

ELECTRONIC FUNDS TRANSFER

Electronic Funds Transfer (EFT) is an electronic method for remitting all of your Unemployment Insurance (UI), Employment Training Tax (ETT), State Disability Insurance (SDI), and Personal Income Tax (PIT) payments. You transfer funds from your bank account, with payment information, to the state's account in one simple transaction. In addition, EFT eliminates the need to file a *Payroll Tax Deposit* (DE 88) coupon. The following is a brief overview of the EFT program:

- **MANDATORY EFT PARTICIPATION** - The EDD reviews employer accounts annually to determine which employers meet the requirements for mandatory EFT filing. If your average (per payment) deposit for SDI and PIT is \$20,000 or more for the prior state fiscal year (July 1 to June 30), you are required to pay all SDI and PIT deposits by EFT, regardless of the dollar amount of your current deposits. Employers may find it convenient to pay UI and ETT, and self-assessed penalty and interest payments using EFT, although they are not required to do so. Employers who meet the requirements for the first time will be notified by October 31, prior to the year of EFT participation. Employers who have met the requirement in the preceding calendar year will not be issued a new notice. Mandatory EFT participants are subject to a noncompliance penalty if an SDI and PIT deposit is paid by check with a DE 88 coupon.
 - **VOLUNTARY EFT FILING** - Employers who do not meet the mandatory EFT requirement are encouraged to file by EFT on a voluntary basis.
 - **PAYMENT OPTIONS** - The state of California offers two payment methods. They are the Automated Clearing House (ACH) debit and the ACH credit methods. Taxpayers who select the ACH debit method report their payment information to the state's data collector by telephone or personal computer (PC) with modem. The ACH credit filers report their payment information directly to their bank, usually by PC or a bank program offered by their bank. ACH CREDIT FILERS PLEASE NOTE: The state's bank for processing EFT transactions is Union Bank of California. Be sure your bank is using the EDD Union Bank account number and routing transit number for your EFT transactions.
 - **TIMELINESS** – The settlement date (the date your funds are credited to the state's bank account) determines the timeliness for EFT transactions. The last timely settlement date is generally considered to be the banking day following your deposit due date. Quarterly payments must settle into the state's bank account on or before the day following the delinquent date for the quarter.
 - **EFT INFORMATION** – To obtain information about EDD's EFT program and how to register for EFT filing, please call the EFT Helpline at (916) 654-9130.
-

TAX TELEFILE

Telefile is an Interactive Voice Recognition system designed especially for employers with five or fewer employees and employers of household workers. Employers and/or their payroll agents may use the Telefile system to report and pay payroll taxes by telephone.

How Telefile Works

Use a touch-tone telephone for the fastest, easiest method to access the Telefile System. Two numbers on the keypad are pressed for each letter of a new employee's name. Previously reported employees' names do not have to be reentered – only verified or deleted when you are prompted by the System. Rotary dial telephone users, or customers who choose not to use the touch-tone method, can Telefile by selecting the Voice Recognition option from the Telefile Main Menu.

Reports That Can Be Telefiled

- *Quarterly Wage and Withholding Report* (DE 6)
 - *Quarterly Report of Wages and Withholdings for Employers of Household Workers* (DE 3BHW)
 - *Annual Payroll Tax Return for Employers of Household Workers* (DE 3 HW) (EFT mandatory)
 - *Payroll Tax Deposit coupon* (DE 88) (EFT customers only)
-

FILING OPTIONS

TAX TELEFILE (cont.)

Telefile System Features

- Available 24 hours a day, 7 days a week (excluding scheduled maintenance)
- Quickly updates your account
- Eliminates mailing of reports
- Reports may be filed for the current and five previous quarters
- Supplemental reports may be filed for the current and five previous quarters
- Calculations are performed and amounts verified by the Telefile System

Electronic Payment of Amounts Due

You may also elect to pay applicable taxes through the EFT option of the Telefile System. EFT eliminates mailing a DE 88, Payroll Tax Deposit coupon and check for payment.

Register for Telefile

To find out more about Telefile, or to obtain a temporary Personal Identification Number to register by telephone, call Telefile Customer Service at 1-800-796-3524, Monday through Friday, 8 a.m. to 5 p.m. Please have your 8-digit EDD employer account number ready.

ELECTRONIC DATA INTERCHANGE

Electronic Data Interchange (EDI) is a new reporting option for employers to file their *California Quarterly Wage and Withholding Report* (DE 6) electronically. EDI is the computer to computer exchange of information between trading partners. Trading partners are employers or agents and EDD.

Employers who chose to use EDI must meet two requirements:

1. Data must be sent in the American National Standards Institute (ANSI) X12 standard format; and
2. The services of a Value Added Network (VAN) must be obtained to send files to the Department.

A VAN is a third party service provider for EDI communication services. A VAN is like a mailbox. Employers can send their mail (data file) to the mailbox and EDD picks it up. A VAN provides a secure environment where tax data is stored and retrieved daily by EDD.

To obtain software, three options are available:

- An employer's existing payroll software vendor may offer EDI, or recommend a software vendor whose product is compatible with the payroll software.
- An employer may negotiate with their VAN service provider for special communication needs.
- Employers can provide their own programming.

EDI has several benefits and features:

- Elimination of postal delays and expense.
- Rapid and secure movement of data allowing for faster processing with no manual intervention.
- Comprehensive audit trail for the return. (Employers can keep an electronic copy for their records and will also receive a confirmation of receipt from EDD.)
- Elimination of the cost and time to prepare, sign and mail paper tax returns, which enables staff to focus on other activities.
- Employers who are required to file their federal wage reports using magnetic media returns (250 or more employees) must also file their DE 6 electronically; EDI meets this requirement.

To sign up for EDI, an *Electronic Data Interchange Filing Agreement* (DE 813A) that is contained in the *EDI Trading Partner Implementation Guide* (DE 813), must be signed and returned to the Department. To print or view a copy of the DE 813 or an *EDI Brochure* (DE 813B), access the EDD web site at **www.edd.cahwnet.gov**

To have a copy of the DE 813 or DE 813B mailed to you or to obtain additional information, call, write, or e-mail the Department at:

**Employment Development Department
Goethe Tax Operation, EDI, MIC 96
P.O. Box 826880
Sacramento, CA 94280-0001**

Telephone: (916) 255-1649

E-mail: ecom@edd.ca.gov

**MAGNETIC
MEDIA
REPORTING
REQUIREMENTS/
OPTIONS**

Employers who are required to file their federal wage reports using magnetic media returns (250 or more employees) must also file their California *Quarterly Wage and Withholding Report* (DE 6) on magnetic media.

All employers with less than 250 employees are encouraged to file by magnetic media as it significantly reduces the processing costs and time needed to record wage and tax information. Magnetic media virtually eliminates the possibility of errors resulting from manual processing.

Employers unable to comply with this requirement may request a *Waiver Request From Filing Quarterly Wage and Withholding Reports (DE 6) on Magnetic Media* (DE 3086M). The waiver is filed once each year and must be postmarked by March 31 each year. Employers will be notified when the waiver has been approved or denied. Approved waivers are valid for six months, or longer at the discretion of the Director. Employers who receive a waiver are required to file DE 6 reports.

Tax preparers and payroll services may also file their clients' DE 6 reports on magnetic media (first obtain a *Quarterly Wage and Withholding Reporting Program* [DE 8300] booklet using the requisition form on page 127). To be eligible for magnetic media reporting of DE 88 and *Annual Reconciliation Return* (DE 7), tax preparers must report a minimum of 250 California employers. The following magnetic media reporting methods are acceptable:

- 9-track magnetic media standard ½ inch reel
- 5 ¼ inch diskette
- IBM-compatible 3480/3490 tape cartridge
- 3 ½ inch diskette

The EDD also accepts the Interstate Conference of Employment Security Agencies (ICESA) format, a uniform quarterly wage-reporting format for multi-state employers.

For further information on magnetic media reporting, or to sign up for a reporting method, contact:

TYPE OF REPORT	CONTACT
<p>Magnetic Media Programs for employers and tax preparers:</p> <ul style="list-style-type: none"> • <i>Quarterly Wage and Withholding Report</i>, DE 6 • <i>Report of New Employees</i>, DE 34 <p>Magnetic Media Programs for tax preparers only:</p> <ul style="list-style-type: none"> • <i>Annual Reconciliation Statement</i>, DE 7 • <i>Payroll Tax Deposit</i>, DE 88 <p>Information returns:</p> <ul style="list-style-type: none"> • Various federal 1099 forms 	<p>Employment Development Department Magnetic Media Coordinator, MIC 15 P.O. Box 826880 Sacramento, CA 94280-0001 (916) 654-6845</p> <p>Franchise Tax Board Magnetic Media Coordinator P.O. Box 942840 Sacramento, CA 94240-6090 (916) 845-3778</p>

**SCANNABLE
FORMS -
REQUIREMENTS**

Preprinted DE 88, DE 6 and DE 7 forms are provided without charge. It is not acceptable to use a photocopy or an unapproved computer printout of a DE 88, DE 6, or the DE 7¹. If you prefer to use alternate forms, it must conform to the specifications provided by the Tax Branch's Alternate Forms Coordinator. Your forms must be tested and approved prior to use. For specifications and approvals of alternate forms, contact the Alternate Forms Coordinator at (916) 255-0649.

¹ Section 1088-1(a), Title 22, California Code of Regulations

FORMS MOST FREQUENTLY USED

PAYROLL TAX DEPOSIT (DE 88): OVERVIEW AND SAMPLE FORM

PURPOSE: To submit deposits of State Disability Insurance (SDI) and California Personal Income Tax (PIT) withheld as required by law, to pay employer taxes for Unemployment Insurance (UI) and Employment Training Tax (ETT), and to pay penalty and interest on late deposits.

HOW TO OBTAIN: *Payroll Tax Deposit* (DE 88) Coupon booklets (Rev. 14, 1-98) are mailed to all tax rated employers in March. Newly registered employers will be mailed a DE 88 coupon booklet containing preprinted forms. Please destroy all DE 88s printed prior to Revision 14, 1-98.

To order additional DE 88 booklets, please use the tear-out reorder postcard at the back of the booklets. The DE 88 booklet can also be ordered by calling the Tax Status Unit at (916) 654-7041. **DO NOT use the order form on page 126 of this guide to order preprinted DE 88s.**

If you are unable to obtain a DE 88 coupon and need to send a deposit, blank coupons can be obtained from your local Employment Tax Customer Service Office (ETCSO) (see directory on page 1), or you may use the forms available on EDD's Internet site: **www.edd.ca.gov**


WHEN DUE: Deposit due dates for SDI and PIT withholding are generally the same as federal deposit due dates. **Refer to page 35 for detailed instructions for deposit due dates.** UI and ETT must be paid at least quarter, regardless of when SDI and PIT withholdings are deposited.

Employers who **ARE NOT** required to pay next banking day, semi-weekly, or monthly tax deposits during the quarter, **MUST** report and pay all UI, ETT, SDI, and PIT **at the end of each quarter.**

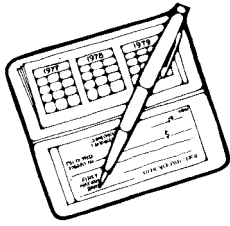
Employers who **CHOOSE NOT** to make deposits of UI and ETT taxes during the quarter, **MUST** report and pay all UI, ETT, and any remaining SDI and PIT withholdings at the end of each quarter. **For payroll tax deposit filing due dates and delinquency dates, please refer to "Due Dates for Quarterly Payroll Tax Deposits," page 35.**

MAIL TO: Please use the preprinted DE 88 envelope provided by EDD. If you do not have a preprinted envelope, send your DE 88 and payment to:

Employment Development Department
P.O. Box 826276
Sacramento, CA 94230-6276

PAYROLL TAX DEPOSIT DE 88		(TYPE OR PRINT IN BLACK INK ONLY):	
 STATE OF CALIFORNIA P O BOX 826276 SACRAMENTO CA 94230-6276	1. PAYROLL DATE: MUST BE COMPLETED 0 6 1 5 0 0 (Last PAYROLL DATE covered by deposit)	2. PAYMENT TYPE: (MARK ONE BOX ONLY) NEXT BANKING DAY <input type="checkbox"/> SEMI-WEEKLY <input type="checkbox"/> MONTHLY <input checked="" type="checkbox"/> QUARTERLY <input type="checkbox"/>	2000 Rate Tax A) UI 7 1 5 2 B) ETT 2 1 0 C) SDI 1 0 5 1 D) California PIT 1 4 6 7 7 E) Penalty F) Interest G) TOTAL PAID \$ 2 3 0 9 0
JANE BROWN CALIFORNIA BUSINESS This is your Account Number; Please enter on your check 1 2 3 4 5 6 7 8		3. PAYMENT QUARTER 0 0 2	
EMPLOYMENT DEVELOPMENT DEPT 0088019812345678			
PREPARE'S SIGNATURE X Jane Brown	TELEPHONE NO. (123) 456-7890	PAY THIS AMOUNT TOTAL LINES A THROUGH F. DO NOT FOLD OR STAPLE. Make check payable to EDD.	
DEPARTMENT USE ONLY		DE 88 REV. 14 (1-98)	

**EMPLOYEE
PAYROLL
WITHHOLDING
DEPOSITS**



Although employer UI and ETT taxes are due quarterly, withholdings taken from employees' wages for SDI and California PIT may need to be deposited more often. State deposit due dates are generally the same as federal deposit due dates. Penalty and interest are charged on late deposits.

The deposit requirements are:

- **Next Banking Day deposits**

You will be required to make a Next Banking Day deposit of SDI and California PIT if you are required to make a Federal Next Banking Day deposit **AND you accumulate more than \$400 in California PIT**. Banking days do not include Saturdays, Sundays, or banking holidays. **Once you make a Next Banking Day deposit, you automatically become a Semi-Weekly depositor for the remainder of that calendar year and all of the following year.**

Electronic Funds Transfer (EFT) transactions for Next Banking Day deposits must settle into the state's bank account on or before the third banking day following the payroll date. (Refer to page 30 for more information regarding EFT.)

- **Semi-Weekly deposits**

You will be required to make Semi-Weekly deposits of SDI and California PIT if you are required to make federal Semi-Weekly deposits AND you accumulate more than \$400 in California PIT during one or more payroll periods. The Semi-Weekly deposit schedule requires that deposits for paydays on Wednesday, Thursday, or Friday be made by the following Wednesday. For paydays on Saturday, Sunday, Monday, or Tuesday, deposits must be made by the following Friday. Semi-Weekly depositors will always have three banking days after the end of the Semi-Weekly period to make a deposit. If any of the three weekdays after the end of a Semi-Weekly period is a banking holiday, you will have one additional banking day to deposit.

EFT transactions for Semi-Weekly deposits must settle into the state's bank account on or before the next banking day following the due date. (Refer to page 30 for more information regarding EFT.)

- **Monthly deposits**

You will be required to make Monthly deposits of SDI and California PIT if:

- You are required to make Federal Monthly deposits AND you accumulate more than \$400 in California PIT during one or more months of a quarter;

OR

- You are only required to make Federal Quarterly deposits, BUT you accumulate \$350 or more in California PIT during one or more months of a quarter.

The Monthly deposit schedule requires any withholdings from the current month to be deposited by the 15th of the following month.

EFT transactions for Monthly deposits must settle into the state's bank account on or before the banking day following the due date. (Refer to page 30 for more information regarding EFT.)

- **Quarterly deposits**

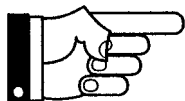
You are required to deposit all UI, ETT, SDI, and California PIT by the delinquent date for each quarter. (See monthly deposit schedule if you are a quarterly filer but accumulate \$350 or more in California PIT during one or more months of a quarter.)

EFT transactions for Quarterly deposits refer to page 36 for timely settlement dates. (Refer to page 30 for additional information regarding EFT.)

FORMS MOST FREQUENTLY USED

EMPLOYEE PAYROLL WITHHOLDING DEPOSITS (cont.)

CALIFORNIA DEPOSIT REQUIREMENTS				
IF YOUR DEPOSIT SCHEDULE IS*	AND YOU HAVE ACCUMULATED STATE PIT WITHHOLDING	SDI & PIT DEPOSIT REQUIRED	IF PAYDAY IS	DELINQUENT IF NOT DEPOSITED BY:
Next Banking Day	\$400 or less	NO	Not Applicable	Not Applicable
Next Banking Day	More than \$400	YES	Not Applicable	Next Banking Day
Semi-Weekly	\$400 or less	NO	Not Applicable	Not Applicable
Semi-Weekly	More than \$400	YES	Wed., Thur., or Fri.	Following Wed.
Semi-Weekly	More than \$400	YES	Sat., Sun., Mon., or Tue.	Following Fri.
Monthly	\$400 or less	NO	Not Applicable	Not Applicable
Monthly	More than \$400	YES	Not Applicable	15th of the following month
Quarterly	Less than \$350	NO	Not Applicable	Remit by the delinquent date for the quarter
Quarterly	\$350 or more	YES	Not Applicable	15th of the following month



NOTE: If a deposit due date falls on a Saturday, Sunday, or banking holiday, the due date is extended to the next banking day. For example, if a deposit is due on Friday, but Friday is a holiday, the deposit due date is extended to the following Monday.

DUE DATES FOR QUARTERLY PAYROLL TAX DEPOSITS

Deposits using a *Payroll Tax Deposit (DE 88)* coupon:

Payment of the full amount of taxes due must be included with the DE 88 and mailed to EDD or remitted electronically by EFT. **Please use the forms mailed to you.** When your payroll tax deposits are mailed to EDD, **the postmark date is used to determine timeliness. Penalty and interest are charged on late deposits.** For DE 88 coupon filers, the filing due dates and delinquency dates for 2000 quarterly Payroll Tax Deposits are as follows:

REPORTING PERIOD	FILING DUE DATE	DELINQUENT IF NOT PAID BY
January, February, March	April 3, 2000	May 1, 2000
April, May, June	July 3, 2000	July 31, 2000
July, August, September	October 2, 2000	October 31, 2000
October, November, December	January 2, 2001	January 31, 2001

* Based on Federal Deposit Schedule

**DUE DATES FOR
QUARTERLY
PAYROLL TAX
DEPOSITS (cont.)**

Deposits using Electronic Funds Transfer (EFT):

EFT transactions for quarterly UI and ETT payments must settle in the state's bank account on or before the timely settlement date. Please refer to the last column in the chart below:

2000 QUARTERLY EFT PAYMENT CHART

REPORTING PERIOD	TAXES DUE	LAST TIMELY DATE (initiate on or before)	TIMELY SETTLEMENT DATE
January, February, March	April 3, 2000	May 1, 2000	May 2, 2000
April, May, June	July 3, 2000	July 31, 2000	August 1, 2000
July, August, September	October 2, 2000	October 31, 2000	November 1, 2000
October, November, December	January 2, 2001	January 31, 2001	February 1, 2001

To ensure timely settlements, please note:

- Automated Clearing House **credit transactions** are based on individual bank requirements.
- Automated Clearing House **debit transactions** complete payment by 3:00 p.m. Pacific Time on the banking day before the timely settlement date.

**HOW TO
CALCULATE
TAXABLE WAGES**

The following information will help you calculate employee taxable wages (a copy of a completed DE 88 is shown on page 33):

EXAMPLE: An employer has two employees.

In the first quarter, Employee #1 is paid \$8,000 and Employee #2 is paid \$5,000.

<u>First Quarter Taxable Wages</u>	<u>UI and/or ETT</u>	<u>SDI</u>
Employee #1	\$ 7,000.00	\$ 8,000.00
Employee #2	\$ 5,000.00	\$ 5,000.00
TOTAL TAXABLE WAGES	\$12,000.00	\$13,000.00

In the second quarter, Employee #1 is paid \$25,000 and Employee #2 is paid \$1,000.

<u>Second Quarter Taxable Wages</u>	<u>UI and/or ETT</u>	<u>SDI</u>
Employee #1	\$ 0.00	\$23,767.00
Employee #2	\$ 1,000.00	\$ 1,000.00
TOTAL TAXABLE WAGES	\$ 1,000.00	\$24,767.00

In the third quarter, Employee #1 is paid \$5,000 and Employee #2 is paid \$8,000.

<u>Third Quarter Taxable Wages</u>	<u>UI and/or ETT</u>	<u>SDI</u>
Employee #1	\$ 0.00	\$ 0.00
Employee #2	\$ 1,000.00	\$ 8,000.00
TOTAL TAXABLE WAGES	\$ 1,000.00	\$ 8,000.00

In the fourth quarter, Employee #1 is paid \$10,000 and Employee #2 is paid \$15,000.

<u>Fourth Quarter Taxable Wages</u>	<u>UI and/or ETT</u>	<u>SDI</u>
Employee #1	\$ 0.00	\$ 0.00
Employee #2	\$ 0.00	\$15,000.00
TOTAL TAXABLE WAGES	\$ 0.00	\$15,000.00

NOTE: UI and ETT taxable wage limits for 2000 are \$7,000 per employee. SDI taxable wage limit for 2000 is \$46,327 per employee.



FORMS MOST FREQUENTLY USED

HOW TO COMPLETE A PAYROLL TAX DEPOSIT

UI PAYMENT AMOUNTS – HOW TO CALCULATE:

All UI taxes due for a quarter must be paid before the filing delinquency date of each quarter. However, UI taxes **may be** prepaid during the quarter with any SDI and PIT deposits.

UI PREPAYMENT:

Example:

- Total UI taxable wages for the pay period are \$5,000.00.
- The UI rate for this example is 3.4% (.034). When completing the DE 88, please use the rate shown on the Tax Rate Table in the *Payroll Tax Deposit* coupon booklet.

UI Taxable Wages	\$5,000.00
X UI Rate	.034
UI PREPAYMENT	\$ 170.00 (BOX 4A of the DE 88)

UI QUARTERLY PAYMENT:

1. IF UI PREPAYMENTS HAVE BEEN MADE:

Example:

- The total UI taxable wages for the quarter are \$12,000.00.
- The UI prepayments made during the quarter were \$170.00.
- The UI rate for this example is 3.4% (.034). When completing the DE 88, please use the rate shown on the coupon.

Total Quarterly UI Taxable Wages	\$ 12,000.00
x UI Rate	x .034
Total Quarterly UI Taxes Due	\$ 408.00
- UI Prepayment	- 170.00
UI QUARTERLY PAYMENT DUE	\$ 238.00 (BOX 4A of the DE 88)

2. IF UI PREPAYMENTS HAVE **NOT** BEEN MADE:

Example:

- The total UI taxable wages for the quarter are \$12,000.00.
- The UI rate for this example is 3.4% (.034). When completing the DE 88, please use the rate shown on the coupon.

Total Quarterly UI Taxable Wages	\$ 12,000.00
x UI Rate	x .034
TOTAL QUARTERLY UI TAXES DUE	\$ 408.00 (BOX 4A of the DE 88)

ETT PAYMENT AMOUNTS – HOW TO CALCULATE:

NOTE: If the ETT amount is larger than the UI amount, please recalculate and verify that the correct percentage is being used.

ETT taxes must be paid quarterly. However, ETT taxes **may be** prepaid during the quarter with any SDI and PIT deposits.

ETT PREPAYMENT:

Example:

- The total ETT taxable wages for the pay period are \$5,000.00.
- The ETT rate is 0.1% (.001). When completing the DE 88, please use the rate shown on the coupon.

Calculation:

ETT Taxable Wages	\$ 5,000.00
x ETT Rate	x .001
ETT PREPAYMENT	\$ 5.00 (BOX 4B of the DE 88)

**HOW TO
COMPLETE A
PAYROLL TAX
DEPOSIT**
(cont.)

ETT QUARTERLY PAYMENT

1. IF ETT PREPAYMENTS HAVE BEEN MADE:

Example:

- The total ETT taxable wages for the quarter are \$12,000.00.
- The ETT prepayments made during the quarter were \$5.00.
- The ETT rate is 0.1% (.001). When completing the DE 88, please use the tax rate shown on the coupon.

Calculation:

Total Quarterly ETT Taxable Wages	\$ 12,000.00	
x <u>ETT Rate</u>	x <u>.001</u>	
Total Quarterly ETT Taxes	\$ 12.00	
- <u>ETT Prepayment</u>	- <u>5.00</u>	
ETT QUARTERLY PAYMENT DUE	\$ 7.00	(BOX 4B of the DE 88)

2. IF ETT PREPAYMENTS HAVE **NOT** BEEN MADE:

Example:

- The total ETT taxable wages for the quarter are \$12,000.00.
- The ETT rate is 0.1% (.001). When completing the DE 88, please use the tax rate shown on the coupon.

Calculation:

Total Quarterly ETT Taxable Wages	\$ 12,000.00	
x <u>ETT Rate</u>	x <u>.001</u>	
TOTAL QUARTERLY ETT PAYMENT DUE	\$ 12.00	(BOX 4B of the DE 88)

SDI PAYMENT AMOUNTS - HOW TO CALCULATE:

NOTE: SDI withholdings must be included whenever a California PIT deposit is required. SDI taxable wage limit for 2000 is \$46,327 per employee.

SDI DEPOSIT:

Example:

- Total SDI taxable wages for the pay period are \$5,000.00.
- The SDI rate for this example is 7% (.07). When completing the DE 88, please use the tax rate shown on the coupon.

Calculation:

SDI Taxable Wages	\$ 5,000.00	
x <u>SDI Rate</u>	x <u>.07</u>	
SDI DEPOSIT DUE	\$ <u>350.00</u>	(BOX 4C of the DE 88)

SDI QUARTERLY PAYMENT:

1. IF SDI DEPOSITS HAVE BEEN MADE:

Example:

- The total SDI taxable wages for the quarter are \$13,000.00.
- The SDI deposits made during the quarter were \$350.00.
- When completing the DE 88, please use the tax rate shown on the coupon.

FORMS MOST FREQUENTLY USED

HOW TO COMPLETE A PAYROLL TAX DEPOSIT (cont.)

Calculation:

Total Quarterly SDI Taxable Wages	\$ 13,000.00	
x <u>SDI Rate</u>	x <u>.07</u>	
Total Quarterly SDI Taxes	\$ <u>910.00</u>	
- <u>SDI Deposited</u>	- <u>350.00</u>	
SDI QUARTERLY PAYMENT DUE	\$ <u>560</u>	(BOX 4C of the DE 88)

2. IF SDI DEPOSITS HAVE **NOT** BEEN MADE:

- Example:
- The total SDI taxable wages for the pay period are \$13,000.00.
 - When completing the DE 88, please use the tax rate shown on the coupon.

Calculation:

Total Quarterly SDI Taxable Wages	\$ 13,000.00	
x <u>SDI Rate</u>	x <u>.07</u>	
TOTAL QUARTERLY SDI PAYMENT DUE	\$ <u>910.00</u>	(BOX 4C of the DE 88)

PIT - PAYMENT AMOUNT – HOW TO CALCULATE:

PIT DEPOSIT:

- Example:
- Based on federal deposit requirements, monthly deposits must be made.
 - Total PIT withheld during the pay period was \$600.00.

Calculation:

Total PIT Withheld = Total PIT to Deposit \$600.00 (BOX 4D of the DE 88)

(Refer to California PIT tables beginning on page 88 to determine PIT withholdings for individual employees.)

PIT QUARTERLY PAYMENT:

1. IF PIT DEPOSITS HAVE BEEN MADE:

- Example:
- The total PIT withheld during the quarter was \$1,700.00.
 - The total PIT deposited during the quarter was \$1,600.00
- (NOTE: If PIT is deposited during the quarter, there may not be any PIT due when the quarterly payment is made for SDI, UI and ETT.)

Total PIT Withheld	\$ 1,700.00	
- <u>Total PIT Deposited</u>	- <u>1,600.00</u>	
PIT QUARTERLY PAYMENT DUE	\$ <u>100.00</u>	(BOX 4D of the DE 88)

2. IF PIT DEPOSITS HAVE **NOT** BEEN MADE:

- Example:
- Total PIT withheld during the quarter was \$250.00.

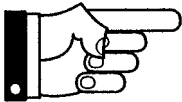
Total PIT Withheld	\$ 250.00	
- <u>Total PIT Deposited</u>	- <u>0.00</u>	
PIT QUARTERLY PAYMENT DUE	\$ <u>250.00</u>	(BOX 4D of the DE 88)

**LATE DEPOSIT,
PENALTY, AND
INTEREST**

When your tax and wage reports are mailed to EDD, **the postmark date is used to determine timeliness**. If the last timely filing date falls on a Saturday, Sunday, or holiday, the next business day is considered to be the last timely date. Penalty and interest will be charged on late payment of taxes. If you are late sending your payroll tax payment, penalty and interest can be paid using the same DE 88 coupon. Please contact your local ETC SO (see directory on page 1) for assistance in calculating the interest due, since the interest rate is re-established every six months.

To avoid erroneous penalty and interest on late deposits, be sure your payment includes your employer account number, business name, address, telephone number, quarter to which the deposit applies, and indicate the dollar amount to be applied to each payroll tax (UI, ETT, SDI and PIT). **Please use the preprinted DE 88 envelope to mail your payment to the Department.**

For any questions or assistance, contact the nearest ETC SO (see directory on page 1).



NOTE: If you do not make timely payments, you will receive an *Employer Account Statement* (DE 2176). If the delinquency is not paid, a tax lien may be issued. If a tax lien is issued, it will be recorded at the county recorder's office. Tax lien information is available to the public after it is recorded.

Unavailability of forms is not "good cause" for delinquent filing or late payment of amounts due.

**PENALTY FOR
FAILURE TO
DEPOSIT PAYROLL
TAXES**

Employers are required to withhold payroll taxes and send them to EDD. Any person or employer who fails to do this, even by mistake, is guilty of a misdemeanor. If convicted, the person or employer can be fined up to \$1,000 or sentenced to jail for up to one year, or both, at the discretion of the court.

**HOW TO CORRECT
A PRIOR PAYROLL
TAX DEPOSIT –
DE 88**

The following information will help you to correct previously submitted DE 88 coupons.

- **Underpaid taxes** - Send a new DE 88, showing the delinquent amount(s) plus penalty and interest, with payment for the shortage. Indicate the payroll date, payment type, payment quarter, the amounts being paid by fund, and the total paid.
- **Overpaid taxes** - When preparing your next DE 88 coupon, reduce each fund by the amount of the overpaid tax to show the corrected amounts. (Total year-to-date payments for each fund must equal the correct amount of taxes owed.)
- **Refund of overpaid taxes** - A *Tax and Wage Adjustments Form* (DE 678) must be filed to receive a refund of overpaid employment taxes.

For additional information, please refer to page 46.



NOTE: Generally, a claim for credit or refund must be filed within three years of the delinquent date for the quarter being adjusted.

FORMS MOST FREQUENTLY USED

CORRECTING PIT REPORTING ERRORS

When **written permission is obtained from the employee**, you are authorized to adjust any over- or under-withholding of California PIT from the employee if the adjustment is made within the same calendar year and before the IRS Form W-2 is issued. You should obtain a receipt from the employee whenever a credit adjustment or repayment of over-withheld tax is made.

If you made an error in reporting the California PIT withheld for an individual on the *Quarterly Wage and Withholding Report* (DE 6), you must submit a *Tax and Wage Adjustments Form* (DE 678). To correct items, enter the correct amount of withholdings for the employee. A separate DE 678 must be completed for each quarter.

Over-withheld California PIT must be credited or refunded to your employee before you can take a credit or receive a refund from EDD. This overpayment can be adjusted in one of the following ways:

- The overpayment can be adjusted by reducing the PIT fund by the overpaid amount on your next deposit or subsequent deposits of payroll taxes. The amount indicated on the next DE 88 should be the actual amount due for PIT less the overpayment. **Do not** use brackets [\$] to show a credit on the DE 88. If the overpayment amount is too large to take a full credit, then you may submit a DE 678 to request a refund of the remaining overpayment; or
- You may request a full refund of the overpaid amount by submitting a DE 678.

If you have issued IRS Form W-2 to an employee, you **cannot** adjust any over-withholding of PIT reported. Employees will receive credit for any over-withholding when they file their California state income tax returns with the Franchise Tax Board (FTB.)

If you have issued IRS Form W-2 showing the wrong amount, you must issue an IRS Form W-2C to the employee. If you have filed an incorrect *Annual Reconciliation Statement* (DE 7), you must complete and send a DE 678 to EDD. Please do not send the state copy of the IRS Form W-2C to EDD or FTB.

LOST PAYROLL TAX DEPOSIT COUPON - FILING AN INFORMAL REPORT

If your DE 88 coupons are lost or damaged, request replacement coupons from your local ETC SO (see directory on page 1) or you may use the forms available on EDD's Internet site:

www.edd.ca.gov/taxform.htm

If reporting coupons cannot be obtained prior to the delinquency date, file an informal report to avoid penalty and interest charges.



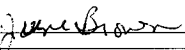
QUARTERLY WAGE AND WITHHOLDING REPORT (DE 6): OVERVIEW AND SAMPLE FORM

PURPOSE: To report wages paid to employees and California Personal Income Tax (PIT) withheld and PIT wages for each quarter.

WHEN FURNISHED: The *Quarterly Wage and Withholding Report* (DE 6) is mailed to employers during March, June, September, and December of each year.

WHEN DUE: January 1, April 1, July 1, and October 1 of each year. This **REPORT MUST BE** submitted **EVEN IF** NO WAGES were paid during the calendar quarter. If the filing due date falls on a Saturday, Sunday, or holiday, then the filing due date is the next business day.

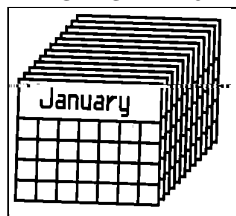
MAIL TO: **Employment Development Department**
P.O. Box 826288
Sacramento, CA 94230-6288

		QUARTERLY WAGE AND WITHHOLDING REPORT				00060198	
Page number 1 of 1		PLEASE TYPE THIS FORM PER INSTRUCTIONS ON REVERSE You must FILE this report even if you had no payroll. If you had no payroll, complete Items C or D and P.				YR 99 QTR 2	
QUARTER ENDED June 30, 1999		DUE July 1, 1999		DELINQUENT IF NOT POSTMARKED OR RECEIVED BY			
California Business 123 Main Street Anytown, CA 12345-0001				EMPLOYER ACCOUNT NO. 12345678		DO NOT ALTER THIS AREA	
				P1 C T S W A Mo. Day Yr. WIC			
				A. EMPLOYEES full time and part time who worked during or received pay for the payroll period which includes the 12th of the month.			
				1st Mo. 2nd Mo. 3rd Mo. 3 1 3			
B. Check this box if you are reporting ONLY Voluntary Plan DI wages on this page. Report PIT Wages and PIT Withheld, if appropriate. (See instructions for Item B.)		C. NO PAYROLL		D. OUT OF BUSINESS/FINAL REPORT			
E. SOCIAL SECURITY NUMBER 123456789		F. EMPLOYEE NAME (FIRST NAME) ROBERT		(M.I.) (LAST NAME) M SMITH		I. PIT WITHHELD 98.23	
G. TOTAL SUBJECT WAGES 1000.51		H. PIT WAGES 1000.51					
E. SOCIAL SECURITY NUMBER 234567890		F. EMPLOYEE NAME (FIRST NAME) CINDY		(M.I.) (LAST NAME) S JONES		I. PIT WITHHELD 125.99	
G. TOTAL SUBJECT WAGES 2546.80		H. PIT WAGES 2456.80					
E. SOCIAL SECURITY NUMBER 345678901		F. EMPLOYEE NAME (FIRST NAME) JOHN		(M.I.) (LAST NAME) K DOE		I. PIT WITHHELD 51.10	
G. TOTAL SUBJECT WAGES 853.42		H. PIT WAGES 853.42					
E. SOCIAL SECURITY NUMBER		F. EMPLOYEE NAME (FIRST NAME)		(M.I.) (LAST NAME)		I. PIT WITHHELD	
G. TOTAL SUBJECT WAGES		H. PIT WAGES				I. PIT WITHHELD	
E. SOCIAL SECURITY NUMBER		F. EMPLOYEE NAME (FIRST NAME)		(M.I.) (LAST NAME)		I. PIT WITHHELD	
G. TOTAL SUBJECT WAGES		H. PIT WAGES				I. PIT WITHHELD	
E. SOCIAL SECURITY NUMBER		F. EMPLOYEE NAME (FIRST NAME)		(M.I.) (LAST NAME)		I. PIT WITHHELD	
G. TOTAL SUBJECT WAGES		H. PIT WAGES				I. PIT WITHHELD	
J. TOTAL SUBJECT WAGES THIS PAGE 4400.73		K. TOTAL PIT WAGES THIS PAGE 4400.73		L. TOTAL PIT WITHHELD THIS PAGE 275.32			
M. GRAND TOTAL SUBJECT WAGES 4400.73		N. GRAND TOTAL PIT WAGES 4400.73		O. GRAND TOTAL PIT WITHHELD 275.32			
P. I declare that the information herein is true and correct to the best of my knowledge and belief.							
Preparer's Signature 		Title Owner		Phone () 916 1234567		Date	
		(Owner, Accountant, Preparer, etc.)					
DE 6 Rev. 3 (1-98) MAIL TO: State of California / Employment Development Department / P.O. Box 826288 / Sacramento, CA 94230-6288							

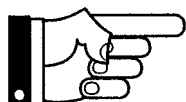
FORMS MOST FREQUENTLY USED

DUE DATES FOR QUARTERLY WAGE AND WITHHOLDING REPORTS – DE 6

The filing due dates and delinquency dates for 2000 *Quarterly Wage and Withholding Reports* (DE 6) are:



REPORT COVERING	FILING DUE DATES	DELINQUENT IF NOT FILED BY
January, February, March	April 3, 2000	May 1, 2000
April, May, June	July 3, 2000	July 31, 2000
July, August, September	October 2, 2000	October 31, 2000
October, November, December	January 2, 2001	January 31, 2001



NOTE:

- **A wage item penalty of \$10 per employee** will be charged for late reporting or unreported employee wages.
- **If your reports are filed late or you do not make timely payments, you will receive an *Employer Account Statement* (DE 2176).** If the delinquency is not paid, a tax lien may be issued. If a tax lien is issued it will be recorded at the county recorder's office. Tax lien information is available to the public after it is recorded.
- **Even if you do not have payroll during a quarter, you must file a "no payroll" DE 6.** If you have no payroll during a quarter, you are still considered an employer and are required by law to sign and file a DE 6. Please complete Item A by entering zero in each box and in the Grand Total Line, Items M, N, and O. Check "Box C," sign and date the report, and send it to EDD.

HOW TO CORRECT A PRIOR QUARTERLY WAGE AND WITHHOLDING REPORT – DE 6

The following information will help you to correct a previously submitted DE 6:

- Employee wages and/or PIT not reported to EDD - File a DE 678 listing the unreported employees, their wages, and PIT information.
- Employee wages and/or PIT information incorrectly reported to EDD - File a DE 678 correctly reporting the employees, their wages, and PIT information.

For additional PIT information, please refer to page 60.

LOST QUARTERLY WAGE AND WITHHOLDING REPORT - FILING AN INFORMAL REPORT

If your DE 6 is are lost or damaged, request a replacement form from your nearest ETC SO (see directory on page 1), or you may use the forms available on EDD's Internet site at:
www.edd.ca.gov/taxform.htm

If a form cannot be obtained prior to the delinquency date, file an informal report to avoid penalty and interest charges.

EMPLOYERS WITH MULTIPLE LOCATIONS - HOW TO REPORT WAGES BY LOCATION

Branch Code Reporting is provided for employers who need to designate, by location, where wages were earned. Under this reporting procedure, each location has a special code called a "branch code number." For more information and instructions on how to apply for this service, please contact Branch Code Reporting at (916) 654-9019.

ANNUAL RECONCILIATION STATEMENT (DE 7): OVERVIEW AND SAMPLE FORM



PURPOSE: To reconcile payments submitted during the year for Unemployment Insurance (UI) tax and Employment Training Tax (ETT), State Disability Insurance (SDI), and California Personal Income Tax (PIT) withheld, and to reconcile the total subject employee wages reported during the year, as required by law.

WHEN FURNISHED: The *Annual Reconciliation Statement* (DE 7) is mailed to employers in December of each year.

WHEN DUE: January 1 of each year.

DELINQUENT: January 31 of each year.

MAIL TO: **Employment Development Department**
P.O. Box 826286
Sacramento, CA 94230-6286

 ANNUAL RECONCILIATION STATEMENT <small>Serving the People of California</small>		 00071297																						
<small>PLEASE TYPE THIS FORM—DO NOT ALTER PREPRINTED INFORMATION</small>		<small>YEAR</small> 1999																						
<small>YEAR ENDED</small> 12/31/99	<small>DUE</small> 1/1/00	<small>DELINQUENT IF NOT POSTMARKED OR RECEIVED BY</small> 1/31/00	<small>EMPLOYER ACCOUNT NO.</small> 123-4567-8																					
California Business 123 Main Street Anytown, CA 12345-0001		<div style="border: 1px solid black; padding: 5px;"> DO NOT ALTER THIS AREA <table border="1"> <tr> <td>P11</td><td>P21</td><td>C1</td><td>P11</td><td>U11</td><td>S11</td><td>A11</td> </tr> <tr> <td>11</td><td>11</td><td>11</td><td>11</td><td>11</td><td>11</td><td>11</td> </tr> <tr> <td>11</td><td>11</td><td>11</td><td>11</td><td>11</td><td>11</td><td>11</td> </tr> </table> </div>		P11	P21	C1	P11	U11	S11	A11	11	11	11	11	11	11	11	11	11	11	11	11	11	11
P11	P21	C1	P11	U11	S11	A11																		
11	11	11	11	11	11	11																		
11	11	11	11	11	11	11																		
<small>FEIN</small> 12-3456789		<small>CHECK BOX IF:</small> <input type="checkbox"/> A. NO WAGES PAID THIS YEAR <input type="checkbox"/> B. OUT OF BUSINESS / FINAL STATEMENT																						
<small>ADDITIONAL FEINS</small>		<small>EFFECTIVE DATE</small> Mo. Day Yr.																						
C. TOTAL SUBJECT WAGES PAID THIS CALENDAR YEAR		25371.25																						
D. UNEMPLOYMENT INSURANCE (UI) <small>(Total Employee Wages up to \$ per employee per calendar year)</small>		<small>(D3) UI CONTRIBUTIONS</small>																						
<small>(D1) UI %</small> 3.4 TIMES	<small>(D2) UI TAXABLE WAGES</small> 25371.25	= 862.62																						
E. EMPLOYMENT TRAINING TAX (ETT) <small>(E1) ETT %</small> TIMES		<small>(E2) ETT CONTRIBUTIONS</small>																						
<small>UI Taxable Wages (D2)</small>		=																						
F. STATE DISABILITY INSURANCE (SDI) <small>(Total Employee Wages up to \$ per employee per calendar year)</small>		<small>SDI EMPLOYEE (F3) CONTRIBUTIONS WITHHELD</small>																						
<small>(F1) SDI %</small> .05 TIMES	<small>(F2) SDI TAXABLE WAGES</small> 25371.25	= 126.85																						
G. CALIFORNIA PERSONAL INCOME TAX (PIT) WITHHELD		3876.99																						
H. SUBTOTAL (Add Items D3, E2, F3 and G)		4891.83																						
I. LESS: TAXES AND WITHHOLDINGS PAID FOR THE YEAR <small>(DO NOT INCLUDE PENALTY AND INTEREST PAYMENTS)</small>		4891.83																						
J. TOTAL TAXES DUE OR OVERPAID (Item H minus Item I)		0																						
<small>If amount due, prepare a Payroll Tax Deposit, DE 88, and mail to P.O. Box 826276, Sacramento, CA 94230-6276. Mailing payments with DE 7 delays payment processing and may result in an erroneous penalty and interest charges. Mandatory EFT filers must remit all SD/PIT deposits by EFT to avoid Non-Compliance Penalty.</small>																								
<small>HELP US IMPROVE THE QUALITY OF OUR EMPLOYMENT TAX SERVICES. PLEASE RATE OUR CURRENT SERVICES BY ENTERING THE APPROPRIATE NUMBER IN THE BOX: 4 = EXCELLENT 3 = GOOD 2 = FAIR 1 = POOR</small>																								
K. Be sure to sign this declaration: I declare that the information herein is true and correct to the best of my knowledge and belief.																								
Signature <u><i>June Brown</i></u>	Title Owner	Phone (916) 123-4567	Date _____																					
<small>DE 7 Rev. 1 (12/97)</small>																								
<small>SIGN AND MAIL TO: State of California / Employment Development Department / P.O. Box 826286 / Sacramento CA 94230-6286</small>																								

FORMS MOST FREQUENTLY USED

TIPS FOR PREPARING ANNUAL RECONCILIATION STATEMENTS – DE 7

Employers are required to complete an *Annual Reconciliation Statement* (DE 7). The DE 7 must be postmarked by January 31, 2001, to be timely. If an employer fails to send a completed DE 7 to EDD, a penalty of \$1,000 or 5 percent of total annual taxes, whichever is less, may be assessed.

The following information will assist you in preparing the DE 7:

- To eliminate the need for EDD to manually key enter information from your return, please:
 - Type or machine print using **black ink**.
 - **Do not** use italics, script, or variable space typewriters.
- To correct typing errors on the DE 7, cover the error with correction tape and retype the entire field. **Please do not use white correction fluid.**
- To correct your name, address, or business status, please complete the change of address form in the *Payroll Tax Deposit* (DE 88) coupon booklet. **Please do not alter the preprinted data on the front of the DE 7.**
- **If an employer overpays UI or ETT, EDD will refund the overpayment.**
- **If an employer overpays SDI or PIT, EDD will refund the overpayment only if the employer can show proof the money has been refunded to the employee(s) or was not withheld from the employee(s).**

YEAR-END PAYMENT DUE

If "Line J" on the DE 7 shows payroll taxes due, prepare a DE 88. Please refer to page 37 of this guide for DE 88 preparation instructions. Please send the DE 88 with the amount due to the Department using the preprinted DE 88 envelope. The DE 88 and payment must be mailed in a separate envelope from the DE 7.

Note: Mandatory EFT filers must still remit all SDI and PIT deposits by EFT.

COMMON ERRORS TO AVOID - DE 7

The following is a list of common errors **that may occur** when the DE 7 is prepared. Reviewing this list may help you avoid these errors:

- **Mailing a payroll tax payment with the DE 7.** Payroll tax payments should be mailed in a separate envelope with a DE 88.
- **Using a reconciliation form that the Department has not approved. Make sure you are using the current tax year's UI rate.** Call the Contribution Rate Group at (916) 653-7795 if you need your UI tax rate.
- **Make sure you are using the current tax year's UI rate.** Call the Contribution Rate Group at (916) 653-7795 if you need your UI tax rate.
- **Sending poor quality magnetic media or using an incorrect format.** Correcting magnetic media is time-consuming and expensive.
- **Using the wrong employer account number on the reconciliation form.** When you have more than one employer account number for your businesses, be sure to use the correct preprinted form for each business.
- **Notifying EDD of a change in ownership or business name, but not clearly explaining the change.**
- **Reporting PIT Only wages on "Line C" of the DE 7.** "Line C" is used only by employers subject to UI and SDI.
- **Leaving blank boxes on the DE 7.**
- **Omitting your signature from the DE 7.**

HOW TO CORRECT AN ANNUAL RECONCILIATION STATEMENT

If a correction is needed on a previously submitted DE 7, prepare a *Tax and Wage Adjustments Form* (DE 678). For additional information, refer to page 46.

The DE 7 reconciles the UI, ETT, SDI, and PIT reported during the year on the DE 88 and total subject employee wages reported on the DE 6.

LOST ANNUAL RECONCILIATION STATEMENT - FILING AN INFORMAL STATEMENT

If your DE 7 is lost or damaged, request a replacement form from your local ETCSO (see directory on page 1) or use the forms available on EDD's Internet site at: www.edd.ca.gov/taxform.htm. If a form cannot be obtained prior to the delinquency date, file an informal statement to avoid penalty and interest charges.

**CORRECTING PRIOR
PAYROLL TAX
DEPOSITS,
QUARTERLY WAGE
AND WITHHOLDING
REPORTS, AND
ANNUAL
RECONCILIATION
STATEMENTS**

EDD no longer reconciles employer accounts each quarter. This eliminates the need for employers to notify EDD of incorrect fund payments or allocations throughout the year. To help clarify when EDD needs to be notified of adjustments and how adjustments are to be made, we have prepared the following chart.

REASON FOR ADJUSTMENT	HOW TO MAKE AN ADJUSTMENT	FORM TO USE
Overpaid UI, ETT, SDI, or PIT on a <i>Payroll Tax Deposit</i> (DE 88) coupon prior to filing the <i>Annual Reconciliation Statement</i> (DE 7).	On the next DE 88, reduce the fund(s). Do not show credits on the deposit coupon.	<i>Payroll Tax Deposit</i> (DE 88)
Overpaid taxes and/or withholding prior to filing the DE 7 and it is not feasible to offset the overpayment against your next tax deposit.	File one DE 678 for each tax deposit requesting a refund.	Complete DE 678
Underpaid UI, ETT, SDI, or PIT on a DE 88 prior to filing the DE 7.	On a DE 88, pay delinquent amounts plus penalty and interest. Indicate the delinquent quarter.	<i>Payroll Tax Deposit</i> (DE 88)
Overpaid UI, ETT, SDI, or PIT on an Electronic Funds Transfer (EFT) prior to filing the DE 7.	On your next EFT transaction, reduce the fund(s). Do not show credits on an EFT transaction.	EFT transaction (see * on the next page)
Underpaid UI, ETT, SDI or PIT on an EFT prior to filing the DE 7.	Initiate two separate EFT transactions, one for the delinquent fund(s) and another for the calculated penalty and interest amount. Indicate the delinquent quarter.	EFT transaction (see * on the next page)
Allocated the wrong amounts to specific funds on the DE 88	Do not file a correction form. EDD will make the necessary adjustments at the end of the year when your DE 7 is filed.	<i>Annual Reconciliation Statement</i> (DE 7)
Incorrect employee SSN or name reported on the <i>Quarterly Wage and Withholding Report</i> (DE 6).	File a <i>Tax and Wage Adjustments Form</i> (DE 678) with the correct SSN or name.	DE 678, complete Sections I and V
No SSN reported for employee on the DE 6.	File a DE 678 with the SSN.	DE 678, complete Sections I and V
Failed to report wages and/or PIT information on employees not reported to EDD.	File a DE 678 reporting the employees, their SSNs, wages and PIT withheld.	Complete DE 678
Incorrectly reported wages and/or PIT information for employees previously reported to EDD.	File a DE 678 listing the correct wages and/or PIT information.	Complete DE 678

FORMS MOST FREQUENTLY USED

CORRECTING PRIOR PAYROLL TAX DEPOSITS, QUARTERLY WAGE AND WITHHOLDING REPORTS, AND ANNUAL RECONCILIATION STATEMENTS (cont.)

REASON FOR ADJUSTMENT	HOW TO MAKE AN ADJUSTMENT	FORM TO USE
Filed incorrect information on the DE 3BHW or the DE 3HW (household annual reporting forms).	File DE 678 with correct information.	Complete DE 678
Overpaid taxes and/or withholding and it is not feasible to offset the overpayment against your next tax deposit.	File one DE 678 per tax deposit requesting a refund. This is for a refund prior to filing the year-end <i>Annual Reconciliation Statement</i> .	Complete DE 678
Filed incorrect information on the DE 7.	File a DE 678 with the correct information.	Complete DE 678

*Mandatory EFT filers are subject to noncompliance penalty if an SDI/PIT deposit is paid by check with a DE 88.

The new DE 678 has been designed to make it easier for employers to report corrections for the tax payments and employee wage information previously reported. Detailed instructions are provided on the DE 678-I. If you have any questions about when or how to use the form, adjusting previously reported employment taxes or wages, or to obtain forms, please contact your nearest ETC SO (see directory on page 1).

NOTE:

- Employers who pay taxes using a *Quarterly Contribution Return* (DE 3D) for Voluntary Plan DI reporting or a *Quarterly Contribution Form For School Employees* (DE 9423) should use the *Quarterly Adjustment Form* (DE 938) to make corrections to previously submitted reports.
- Employers are required to compute and report taxes owed to the nearest penny. **Do not** round off taxes to the nearest whole dollar amount.

EMPLOYER ACCOUNT STATEMENT (DE 2176)

The *Employer Account Statement* (DE 2176) is used to inform employers of current and outstanding liabilities, assessments, form delinquencies, payments, and the status of their account balance when taxes are due. If there is a difference between the amounts shown on your DE 88 and tax payments or your DE 7 and tax payments, and/or our records show that you have a delinquent tax or wage form, EDD will mail a DE 2176 to you.

DID YOU KNOW?

NO-FEE INTERNET JOB LISTINGS. Employers can now access thousands of resumes and enter their own job listings directly from their place of business by using CalJOBS, a no-fee, Internet-based job matching service offered by EDD. CalJOBS can save employers considerable time and expense searching for qualified workers.

Employers can either register by contacting their local EDD Job Service site listed in the white pages under "State Government" or on-line by visiting the EDD Web-site at:

www.caljobs.ca.gov

UNEMPLOYMENT INSURANCE PROGRAM

PURPOSE The purpose of the Unemployment Insurance (UI) program is to provide financial assistance to people who are temporarily out of work through no fault of their own. In California, this program is financed entirely by employers through a payroll tax based on the first \$7,000 in wages paid to each employee each year. Employers are required to pay their accumulated UI taxes four times a year.

UI TAX PROGRAM

EXPERIENCE RATED METHOD OF PAYING FOR UI BENEFITS The **experience rated method**, described in "New Employer/Individual Employer UI Tax Rates" (see below), is the method used by the majority of employers. Public employers and nonprofit organizations have the option of becoming a "reimbursable" employer.

REIMBURSABLE METHOD OF PAYING FOR UI BENEFITS Public Employers and certain non-profit organizations have the option of becoming "reimbursable" employers. Employers electing the **reimbursable method**, also known as the cost-of-benefits method, are required to reimburse the UI fund on a dollar-for-dollar basis for all benefits paid to their former employees and charged to their accounts. Reimbursable employers are billed quarterly and payment is due within 30 days from the statement date. For public employers, financing under the reimbursable method must remain in effect for two complete calendar years. For nonprofit employers, financing under the reimbursable method must remain in effect for five complete calendar years. Employers who terminate their reimbursable coverage remain liable for UI benefits paid to their former employees covered under this program for a period of three calendar years. For additional information on the reimbursable method please contact:

**Employment Development Department
Reimbursable Accounting Group, MIC 19
P.O. Box 826880
Sacramento, CA 94280-0001

(916) 653-5846**

SCHOOL EMPLOYEES FUND FOR UI BENEFITS Public school districts (kindergarten through 12th grade) and community colleges may elect to participate in the **School Employees Fund (SEF)**, which is a special reimbursable financing method available for school districts. For further information, call the SEF Unit at (916) 653-5380.

ADDITIONAL INFORMATION REGARDING EXPERIENCE RATED METHOD AND REIMBURSABLE METHOD For a detailed explanation of the "Reimbursable" or "Experience Rated" method of paying for UI benefits, request *Information Sheet: California System of Experience Rating* (DE 231Z) and *Potential Liability Under the Reimbursable Method* (DE 1378F). You may obtain these information sheets by contacting your local ETC SO (see directory on page 1), by using the order form provided on page 128, or you may call the Special Coverage and Support Group at (916) 464-2500.

HOW THE UI TAX RATE IS DETERMINED

Tax Rate Schedules The UI tax rates are based on one of seven tax rate schedules (AA through F) established by law. The first step in the annual process of establishing the UI tax rates for the calendar year is for EDD to determine which of the seven tax rate schedules will be in effect. All employers are assigned UI tax rates from the same rate schedule each calendar year.

New Employer/Individual Employer UI Tax Rates A UI reserve account is set up when an employer registers with EDD. The new employer UI tax rate is 3.4 percent (.034) for the first three tax years. (A tax year can be as short as 1 day or as long as 366 days.) In the fourth year, the UI tax rate is calculated based on each employer's previous experience. All UI taxes paid, taxable payroll reported, benefit charges, and prorated credits and charges to the UI reserve account are used in establishing each employer's individual UI tax rate.

If a new employer buys an established business, he or she has the option of acquiring the previous owner's UI tax rate. Please see Reserve Account Transfers section for additional information.

UNEMPLOYMENT INSURANCE PROGRAM

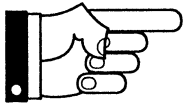
Notice of Tax Rates

Each December, EDD notifies employers of their UI, ETT, and SDI tax rates and taxable wage limits for the upcoming year by sending a *Notice of Contribution Rates and Statement of UI Reserve Account* (DE 2088). Rate information can also be **obtained by calling the Contribution Rate Group's 24-hour automated call system at (916) 653-7795.**

Reserve Account Transfers

When an employer acquires all or part of an ongoing business, the employer may request the previous owner's UI reserve account balance be transferred to the new ownership. If the transfer is approved by EDD, the UI tax rate will be re-determined and may result in an immediate rate reduction. The application for transfer will automatically be returned if the transfer will increase the current UI tax rate. The new owner has the option to accept the rate increase or to continue at their present rate.

For further information regarding reserve account transfers, please contact the Contribution Rate Group at (916) 653-7795.



NOTE:

- If a UI reserve account transfer has been processed, the employer receiving the transfer will be notified of the appropriate UI tax rate for the remainder of the year.
 - Employers who receive a reserve account transfer accept responsibility for the unemployment insurance benefit charges for the previous owner's former employees. **This may increase your UI tax rate in future years.**
 - A reserve account transfer cannot be reversed once it has been completed.
-

Data Exchange Alternatives: Magnetic Media

Employer agents, accountants, and bookkeepers may obtain the UI tax rates of their clients on magnetic tape or diskettes. Employers as well as employer representatives may also obtain the benefit charges on magnetic media.

To obtain information about magnetic media regarding UI tax rates or benefit charges, contact:

**Employment Development Department
Contribution Rate Group, MIC 4
P.O. Box 826880
Sacramento, CA 94280-0001
(916) 653-7795**

How to Appeal Your UI Tax Rate

Any item on the *Notice of Contribution Rates and Statement of UI Reserve Account* (DE 2088) can be protested, except the SDI and ETT tax rates, which are specifically set by law. The protest must be filed in writing within 60 days of the mail date shown on the notice, unless an extension is requested and approved for "good cause." When filing a protest, you must include your employer account number, the specific item(s) you are protesting and why you are protesting the tax rate. Mail your protest to:

**Employment Development Department
Contribution Rate Group, MIC 4
P.O. Box 826880
Sacramento, CA 94280-0001**

You may call (916) 653-7795 for additional information.

If a protest has been denied by EDD, an appeal may be filed with the California Unemployment Insurance Appeals Board. All denials will include instructions on how to file an appeal.

Voluntary UI Contributions

A voluntary UI contribution is an additional payment to your UI reserve account for the purpose of reducing your UI tax rate for that year. It is a one-time payment and is nonrefundable. **Before considering a voluntary UI payment**, employers need to determine if an additional payment, plus the quarterly UI tax payments they would pay during the year, will actually be less than making quarterly UI tax payments at the UI tax rate originally assigned by EDD.

In years when the voluntary contribution option is available (only when Contribution Rate Schedules AA through D are in effect), EDD sends a *Voluntary UI Contribution Notice* (DE 2088A) along with a worksheet to help employers determine if they would benefit from making a voluntary UI payment. For assistance in completing the worksheet or for additional information, please contact the Contribution Rate Group at (916) 653-7795.

If you decide to make a voluntary UI payment, please send in the DE 2088A stub along with your payment. This will ensure that your payment is properly applied to your account.

Statement of Charges

The charges to your reserve account for UI benefits paid to former employees are mailed to you in October on a *Statement of Charges to Reserve Account* (DE 428T). This statement is an itemized list of charges to your reserve account and covers a one-year period from July 1 through June 30. These charges reflect UI benefits paid to former employees who were eligible to receive them. If you acquire all or part of another business and choose to receive the reserve account transfer, you may be charged for the benefit charges for the previous owner's former employees.

How to Appeal Your Statement of Charges

You should protest charges to your reserve account when:

- You were issued a favorable ruling that is not reflected on your DE 428T.
- You have a favorable ruling that contains an incorrect claim date, claimant Social Security Number, or employer reserve account number.
- You disagree with any of the charges to your reserve account.

Your protest to the DE 428T will be denied if:

- The basis of your protest is the claimant's eligibility for UI benefits.
- You failed to respond timely to the original claim notice.

If benefit charges appear on your DE 428T that involve an appeal that is still pending, you do not need to file another protest. If you receive a favorable decision, the charges will be removed from your reserve account.

Your protest must be in writing and received by EDD within 60 days from the mail date on the DE 428T. To help expedite the processing of your protest, please use the suggested format provided in the instructions included with the DE 428T.

If you have a favorable ruling stating your reserve account is not subject to charges, please include a copy with your protest.

You may request a 60-day extension for filing the protest. The extension request must be in writing and must show "good cause" for requesting additional time.

Protests or requests for extension of time to file a protest should be mailed to:

**Employment Development Department
Contribution Rate Group, MIC 4
P.O. Box 826880
Sacramento, CA 94280-0001**

UNEMPLOYMENT INSURANCE PROGRAM

How to Appeal Your Statement of Charges (cont.)

Due to the volume of protests received, it may take three to nine months before you receive a response to your letter of protest. If the charges are removed, you will receive an amended DE 2088.

An appeal may be filed with the California Unemployment Insurance Appeals Board after a protest has been denied by EDD.

Tips for Reducing Your UI Tax Rate

Some steps that you can take as an employer that may help to reduce your UI tax rate include:

- Maintaining a stable workforce. High employee turnover increases the potential for benefits to be charged to your reserve account. This could also save UI taxes since you pay on the first \$7,000 of wages for each employee.
 - Submitting your UI payments within the required time limits, along with accurately completed *Payroll Tax Deposit Coupons* (DE 88), to ensure your payments are included in calculating your UI tax rate for the following year.
 - Conducting and documenting exit interviews to help you to know why an employee is leaving. This may result in changes to company policies or procedures that will assist you in retaining your employees.
 - Permitting leaves of absence may help keep fully trained personnel.
 - Keeping good personnel records to justify any action taken. Give written warnings prior to discharging an employee and keep a copy of these written notices and other supporting information.
 - Contesting UI claims for benefits for prior employees who you believe are not eligible for benefits (i.e., employee voluntarily quit or was discharged for misconduct, etc.). Written documentation of the exit interview may be important in establishing your protest.
 - Answering UI claim notices promptly, accurately, and in detail.
 - Rehiring former employees who are currently receiving UI benefits that may be charged against your reserve account.
 - Reporting refusals of work to EDD.
 - Providing clear, specific answers to telephone interview questions from EDD personnel.
 - Auditing the DE 428T and reporting inaccuracies within the protest time limits.
 - Bringing witnesses with first hand knowledge of pertinent facts when attending a hearing.
-

UI BENEFIT PROGRAM ADMINISTRATION

How Benefits are Paid

The California UI program is funded through taxes paid by employers. These taxes are placed in the Unemployment Insurance Fund, from which benefits are paid to qualified claimants. The individual reserve account established for each employer has no monetary value. The reserve account is an accounting device used to keep track of payments and charges made against the employer's account to determine their UI tax rate annually. For additional information, please refer to "New Employer/Individual Employer UI Tax Rates" on page 48.

Benefit Award

The maximum amount of UI benefits payable to a claimant during a benefit year is 26 times his or her weekly benefit amount, or one-half total base period earnings, whichever is less. The benefit year is a 52-week period starting on the effective date of a new UI claim. After establishing a benefit year, a claimant who interrupts his or her claim (by returning to work, being unavailable for work, etc.) may again claim benefits by filing an additional or reopened claim during the benefit year. The base period on which the level of benefits is determined is a 12-month period that is determined by the effective date of a UI claim. The quarter in which the claimant earned the highest wages determines the weekly benefit amount received.

- The maximum weekly UI benefit award is \$230.
 - The minimum weekly UI benefit award is \$40.
 - The maximum amount that can be charged to a reserve account is \$5,980.
-

UI Benefit Qualifications

To be eligible for UI benefits, claimants must:

- Be unemployed through no fault of their own.
- Be totally or partially unemployed and registered for work with EDD.
- Be physically **ABLE TO WORK** in their usual occupation, or in other work for which they are reasonably qualified.
- Be **AVAILABLE FOR WORK**, which means ready and willing immediately to accept suitable work in their usual occupation, or in an occupation for which they are reasonably qualified.
- Be actively **SEEKING WORK** on their own behalf.
- Have received a minimum amount of wages during the base period. (For additional information, please refer to "Qualifying UI Wages" on page 52.)
- Comply with regulations in regard to filing claims.

Once a claim is filed, a claimant may be ineligible for UI benefits if he or she:

- Was discharged for misconduct connected to his or her work. (Proof of discharge for misconduct rests with the employer.)
- Voluntarily quit (includes quitting for personal reasons, to go to school or to move.)
- Worked for a school and has reasonable assurance of returning to work for a school employer.
- Left work because of a trade dispute.
- Refused suitable work without good cause.
- Failed to take part in reemployment services.
- Failed to apply for a job when referred by a public employment office.
- Failed to make reasonable efforts to get work.
- Made false statements or withheld information for the purpose of claiming UI benefits.
- Is not legally entitled to work in the United States.
- Is not able to work or is not available for work.
- Is working full-time or has earned wages amounting to \$26 or more during the weeks claimed.

An individual is not eligible for UI benefits if he or she voluntarily left work because of a trade dispute. Because EDD must decide whether a claimant is disqualified from receiving benefits in a trade dispute situation, certain facts are needed. During a trade dispute, regulations require employers to respond to notices EDD sends to them.

Certain types of employees are not covered for UI benefits. For additional information, please refer to the Appendix for "Types of Employment" on page 69, and "Types of Payments" on page 78.

Qualifying UI Wages

To have a valid UI claim, individuals must have:

- Earned \$1,300 or more in **covered employment** in one quarter of the base period;

OR

- Earned \$900 or more in **covered employment** in the base period quarter with the highest earnings, and earned at least 1.25 times the high quarter earnings during the entire base period.

Certain types of payments made to employees are not considered covered employment (wages) for UI purposes. For additional information refer to the tables on pages 69 through 85. These tables show if certain types of jobs and types of income are taxable for UI. If the tables show that a job or type of income is "not subject" to UI tax, then that income is excluded towards establishing a UI claim.

UI Eligibility Determination

The EDD schedules fact-finding interviews when there are eligibility questions regarding a claim. Our staff will talk to the claimant, employer, and anyone else necessary to make a decision. Based on the decision, benefits will either be paid or denied. If benefits are denied, a notice will be issued to the claimant. If the employer responds timely and addresses the issue, a notice will also be sent to him or her.

UNEMPLOYMENT INSURANCE PROGRAM

UI BENEFIT PROGRAM

THE UI CLAIMS PROCESS

Notices to Employers

A *Notice of Unemployment Insurance Claim Filed* (DE 1101C/Z) is mailed to the last employer when a former employee files a new UI claim or an existing claim is reopened.

Employers and employer agents, who represent public entity employers, may elect to have the notice of new or additional claim filed sent to a designated single address. Requests for designation of a single address should be faxed to (916) 654-8117 or mailed to:

**Employment Development Department
Unemployment Insurance Division, MIC 40
P.O. Box 862880
Sacramento, CA 94280-0001**

A *Notice of Wages Used for Unemployment Insurance (UI) Claim* (DE 1545) is mailed to all base-period employers after a claimant receives the first UI payment. This notice informs each employer of the amount of potential charges to their UI reserve account for this claim because all or part of the benefits paid may be charged to the employer's UI reserve account.

Data Exchange Alternative: Electronic Data Interchange

Employers, employer agents, accountants, and bookkeepers may obtain the DE 1545 electronically. To obtain information about Electronic Data Interchange please call (916) 654-8690 or contact:

**Employment Development Department
Contribution Rate Group, MIC 4
P.O. Box 826880
Sacramento, CA 94280-0001**

Responding to Notices

You do not need to respond to the DE 1101C/Z or the DE 1545 if:

- the employee has been laid off for lack of work, and
- you do not dispute the legitimacy of the claim, and
- the employee's name and Social Security Number are correct.

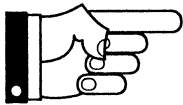
If you believe the claimant is not entitled to benefits, it is important to protest in writing when the first notice is received. Your response must include any facts that may affect the claimant's eligibility for UI benefits or the potential liability of your UI reserve account for benefits paid to the claimant.

Instructions are included with these forms detailing what the protest should contain and where to mail it. Protests may be written on the claim form itself or be included in a separate letter containing the following information:

- Employer's account number, name, and address.
- Claimant's name and Social Security Number.
- Beginning date of the claim.
- Date of separation from employment.
- Dates of separation(s) and rehire(s) during the quarters shown on the DE 1545.
- Information supporting your belief of the claimant's ineligibility. (See page 52 for list of disqualifying events.) Protests should include specific facts and circumstances, not general statements; e.g., "employee was fired for misconduct" should be supported with specific events and documentation. This will result in better eligibility decisions based on the facts.

Responding to Notices (cont.)

- A protest to the DE 1545 should also include separation information relevant to why the employee left your employment.
- The protest should be signed by the person having personal knowledge of the facts, or access to records containing the facts.



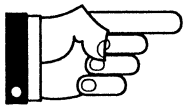
NOTE: If a written protest is not submitted, rights to protest your UI reserve account's potential liability for benefits paid to the claimant and your rights to appeal are waived.

Subsequent Benefit Year

If you receive a notice that a subsequent benefit year has been established, you must re-submit any facts you furnished on the initial DE 1101C/Z to be entitled to a determination and/or ruling based on such facts for the later benefit year.

PROTEST TIME LIMITS

Protest Time Limits	
Protest to:	Postmarked within:
<i>Notice of Unemployment Insurance Claim Filed</i> (DE 1101C/Z)	10 calendar days of the mailing date.
<i>Notice of Wages Used for Unemployment Insurance (UI) Claim</i> (DE 1545)	15 calendar days of the mailing date for separation information. 20 calendar days of the mailing date for wage information.



NOTE: If you respond late, explain the reason for the delay as the above time limits may be extended for good cause. If the reason is determined not to be for good cause, a *Response To Employer Communication* (DE 4614) will be issued. This form can be appealed if you do not agree with the determination.

False Statement Penalty

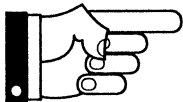
An employer may be assessed a cash penalty from two to ten times the claimant's weekly benefit amount if it is determined that the employer, employer representative, employer officer, or employer agent willfully made a false statement, representation, or failed to report a material fact concerning the claimant's termination of employment.

An employer may be assessed a penalty, in an amount equal to 100 percent of UI benefit overpayments and penalties charged to a claimant(s), resulting from the employer influencing or persuading his or her employee(s) to file a false or fraudulent claim for UI benefits.

Notices of Determination, Ruling or Modification

You can receive one of the following four notices in reply to eligibility issues you reported on the DE 1101C/Z or the DE 1545:

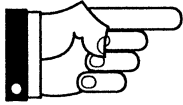
- *Notice of Determination* (DE 1080CT) — Sent to an employer who responds timely with eligibility information.



NOTE: A determination for other than a separation issue (quit or discharge) does not relieve benefit charges to your reserve account.

- *Notice of Determination/Ruling* (DE 1080CT) — Sent to an employer who responds timely with eligibility information regarding a voluntary quit or discharge. The ruling portion of this notice informs the employer whether or not the reserve account will be charged for UI benefits paid.
- *Notice of Ruling* (DE 1080CT) — Sent to an employer who responds timely to a DE 1545 with separation information. The separation must have occurred during the base period of the claim. This notice informs the employer whether or not the reserve account will be charged for UI benefits paid.
- *Notice of Modification* (DE 1080M) — Sent to the employer who previously received a DE 1080 CT stating that the claimant was disqualified. The purpose of this form is to inform the employer that the claimant's disqualification period is over.

UNEMPLOYMENT INSURANCE PROGRAM



NOTE: Employers who finance UI coverage under one of the reimbursable financing methods receive *Notices of Determination*, but do not receive *Notices of Ruling*.

UI Benefits - Appeals Process

The appeals process is administered by a separate, independent agency - the California Unemployment Insurance Appeals Board (CUIAB). The CUIAB consists of seven members appointed by the State Legislature and the Governor. There are two levels of appeal - the first step is an appeal to an Administrative Law Judge (ALJ); the second is to the CUIAB.

Administrative Law Judge – Appeals Process

If an employer disagrees with the final decision made by EDD, he or she has the right to appeal the decision to an ALJ. The appeal must be made within 20 calendar days of the mailing date of EDD's *Notice of Determination/Ruling* (DE 1080CT). Request an appeal by writing a letter to EDD at the return address on the *Notice of Determination/Ruling* (DE 1080CT). The letter should include the employer's address, telephone number, employer reserve account number, and the reason for the appeal.

The parties will be notified of the time and place of the hearing at least 10 days in advance. The ALJ will conduct an informal hearing, giving both sides the opportunity to present their evidence. The CUIAB provides the following two publications to help in preparing for UI appeals hearings:

1. *Unemployment Appeals - A Guide for Claimants, Employers, and Their Representatives* (DE 1434) and
2. *Appeals Procedure* (DE 1433).

For copies of these publications, contact:

**Office of the Chief Administrative Law Judge
2400 Venture Oaks Way, Suite 150
Sacramento, CA 95833**

The written decision of the ALJ is mailed to the parties, setting forth the evidence presented and the reasons for the ALJ's decision. Information describing your rights to appeal an adverse decision to the CUIAB will also be included.

California Unemployment Insurance Appeals Board (CUIAB) – Appeals Process

If you disagree with the ALJ's decision, your next step is an appeal to the CUIAB. You have **20 calendar days** from the date of the ALJ's decision to appeal. Appeal request forms are available from the CUIAB, but either party may simply write a letter identifying the parties, the case number, and relating all facts and arguments on which the appeal is based. Mail or deliver the appeal request to your local office of appeals listed in your telephone book under "State Government, Appeals Board - Unemployment Insurance."

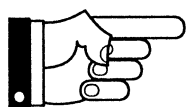
The CUIAB will confirm receipt of the appeal and advise both parties of the procedural options available to them. The parties have 10 days from receipt of the notice to request written or oral argument. Since the purpose of an appeal to the CUIAB is to have the Board review the decision of the ALJ, the acceptance of any additional evidence is at the Board's discretion.

The Board will issue a written decision. At this time, all administrative remedies have been exhausted. If a party disagrees with the Board's decision, an appeal may be made to the Superior Court.

**Appeals
Time Limits**

APPEALS TIME LIMITS	
Appeal to an:	Appeal within:
EDD determination or ruling	20 calendar days of the mailing date.
ALJ's decision	20 calendar days of the mailing date.

**Benefit Audits to
Determine Fraud**



Each quarter, as part of EDD's fraud detection efforts, *Benefit Audit Forms* (DE 1296B) are mailed to employers requesting wage information for specific weeks that their employees may have worked.

The benefit audit identifies individuals who may have improperly received UI benefits for weeks in which they actually worked and had earnings. The audit process leads to the recovery of unauthorized benefit payments and the reversal of related charges to the employer's reserve or reimbursable account.

NOTE: Employers are required by law to respond to the audit process. Your cooperation is essential to detect fraud and to protect the integrity of the UI program.

Questions or comments about the benefit audit process should be sent to:

**EDD, Overpayment Program
Group Manager, MIC 16A
P.O. Box 2228
Rancho Cordova, CA 95741**

**Telephone: (916) 464-2350
Fax: (916) 464-2550**

Back Pay Award

Employees who received UI benefits and later receive back pay awards or settlements for the same period, must repay EDD an amount equal to the UI benefits received. **At the employer's request**, the UI office will determine the amount of the UI benefits to be repaid. An overpayment will be established and the claimant and the employer will be notified. ("Employer" refers to both tax-rated and reimbursable employers.)

If the back pay award agreement states that the employer shall withhold overpayment amounts from the back pay award or settlement, the employer is responsible for submitting the amount withheld to EDD to clear the overpayment. The reimbursable employer will receive a credit against the future charges only after the liability has been paid.

For further information call (916) 464-2333 or contact:

**Employment Development Department
Backpay Awards Coordinator, MIC 8, OARG
P.O. Box 826806
Sacramento, CA 94280-0001**

UNEMPLOYMENT INSURANCE PROGRAM

LAYOFF ALTERNATIVES

Partial UI Claims

A partial UI claim can be used for any claimant who meets the requirements for partial employment status. The claimant must work less than normal full-time hours because of lack of work. If the claimant has no wages (does not work) for two weeks, the claim changes to a regular UI claim. Participation in this program may increase the employer's UI tax rate.

For more information about partial UI claims, please call one of the UI offices in the directory on page 2.

Work Sharing Program

The Work Sharing program is available to employers who reduce employee wages and hours as an alternative to a temporary layoff. The affected work force or work unit(s) must consist of two or more employees. At least 10 percent of the total work force or 10 percent of the specified work unit(s) must participate in the program. The employer must sign a six-month Work Sharing plan with EDD. If, during the period of the plan, the employer does not meet the Work Sharing requirements, the business will be taken off the program. Participation in this program may increase the employer's UI tax rate.

Employers who are interested in participating in the program or who would like additional information should call (916) 464-3300, fax (916) 464-3342, or write to:

Special Claims Office
P.O. Box 269058
Sacramento, CA 92826-9058

NOTICE OF LAYOFF

Employers with at least 100 employees who plan plant closures or mass layoffs of 50 or more full-time employees during any 30-day period at a single site of employment must give affected employees at least 60 days written notice. Please refer to "Plant Closures and Mass Layoffs" on page 26 for additional information.

WAGE NOTICES

In the event of a layoff or business closure involving ten or more employees, the Multi-claimant Determinations Unit will investigate and transmit Electronic Wage Notices (EWNs) to local UI offices, authorization centers, adjustment centers, and Employment Tax Customer Service Offices. The EWNs transmit wage findings (e.g., findings on severance pay, bonuses, etc.) to ensure consistent determinations when several employees may be affected by the same set of facts.

NORTH AMERICAN FREE TRADE AGREEMENT

The North American Free Trade Agreement (NAFTA) Implementation Act of 1993 amended the Trade Act of 1974 to establish the NAFTA - Transitional Adjustment Assistance (NTAA) program. This program provides training, weekly income support while in training, job search assistance, and relocation assistance to individuals who are out of work because their employer transferred production to Canada or Mexico, or because of increased imports from those countries. Workers may contact any local EDD office to obtain an application.

TRADE ADJUSTMENT ASSISTANCE

This program was established under the Trade Act of 1974 to help American workers who have lost work as a result of increased imports. Eligible workers receive Trade Readjustment Allowance during periods of unemployment. The program also provides training, job search assistance, and relocation assistance. Workers may contact an EDD UI Office to request an application, or they may notify the U.S. Department of Labor's Office of Trade Adjustment Assistance directly.

PURPOSE

The State Disability Insurance (SDI) program provides benefits to eligible workers experiencing a loss of wages when they are unable to perform their regular or customary work due to a nonoccupational illness or injury, or disability resulting from pregnancy or childbirth.

MESSAGE TO EMPLOYERS

The SDI program is meeting the changing needs of California workers and employers by changing its services as shown in the following table.

Customer Service	The SDI program has Customer Service Centers in Sacramento and Riverside. (Telephone numbers of the Customer Service Centers can be found on page 2.) You can obtain basic program and benefit coordination information seven days a week, including weekends and after business hours.
Claims Management	The SDI Program has revised the <i>Claim for State Disability Insurance (SDI) Benefits Form</i> (DE 2501) to gather more information from employees at the beginning of the claim. The information provided by the employee on the DE 2501 enables SDI to practice timely disability claim management.

SDI TAXES - WHO PAYS FOR SDI COVERAGE?

The SDI and its administration is funded entirely by employees through wage withholdings. Although disability coverage is mandatory, employers may choose either a State plan or a voluntary plan to cover their employees (refer to "Voluntary Plan For Employees" on page 59 for more information). Those not choosing a voluntary plan are covered under the State plan. The two SDI withholding rates for the calendar year 2000 are:

<u>Wages Paid</u>	<u>Withholding Rate</u>
January 1 – March 31	0.5% (.005)
April 1 – December 31	0.7% (.007)



NOTE: When a worker has more than one employer during a calendar year, it is possible that excess SDI will be withheld from the worker's wages. Workers should request a refund of excess SDI withholdings on their State income tax return Form 540.

The SDI tax rate may be adjusted annually to not more than 1.3 percent (.013) nor less than 0.1 (.001) percent depending on the balance in the SDI fund. Employee contributions withheld are paid by the employer to either the SDI Fund or a Voluntary Plan for Disability Insurance (see page 59).

EMPLOYEE BENEFITS

Eligible claimants may qualify for SDI benefits for each occurrence of disability. The *State Disability Insurance Provisions Pamphlet* (DE 2515) and *Claim for State Disability Insurance (SDI) Benefits Form* (DE 2501) contain eligibility information. **All California employers** who have employees subject to SDI taxes are required to give a DE 2515 pamphlet to each new employee. State regulations require that employers provide general program information to each employee leaving work due to a nonoccupational illness or injury, or disabilities resulting from pregnancy or childbirth. The pamphlet and application are provided to employers at no cost. Additional copies may be ordered by completing the order form on page 126.

Claim Notices

When an SDI claim is filed, the employer(s) shown on the SDI claim form will receive a *Notice of State Disability Claim Filed* (DE 2503). Complete and return the DE 2503 **within two working days** when you have information affecting the claimant's eligibility.

To deter disability fraud, please respond immediately if you are not the employer shown on the DE 2503, or if the claimant:

- is not your employee,
- has quit his or her job,
- has not stopped working, or
- is known to be working for another employer.



NOTE: Because SDI is a separate program from UI, the filing of a claim for SDI will not affect the employer's UI reserve account. Therefore, the DE 2503 is not the basis for a ruling, and the employer will not be notified of any determination as a result of the response on the DE 2503.

STATE DISABILITY INSURANCE

VOLUNTARY PLAN FOR EMPLOYEES

California law allows employers to develop and apply to EDD for approval to administer a Voluntary DI Plan for short-term disability insurance. A Voluntary DI Plan must provide at least the same level of benefits and rights as the State plan does, and must cost the employee no more than the State plan. The EDD oversees Voluntary DI Plans, but employers are financially liable and subject to an assessment, plus specific reporting requirements, for their plan(s).

The law also allows for insured plans, subject to certain risk criteria. At present there are no such approved insured voluntary plans in operation.

More detailed information about establishing and operating a Voluntary Plan is available from:

**Employment Development Department
Disability Insurance Branch, MIC 29
P.O. Box 826880
Sacramento, CA 94280-0001
(916) 654-8198**

EMPLOYERS AND SELF-EMPLOYED BENEFITS

Self-employed individuals and employers may elect to cover themselves with disability insurance under special provisions of the California Unemployment Insurance Code (CUIC).

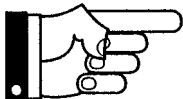
Employers and self-employed individuals who elect coverage pay at a rate determined by the prior annual combined usage of all participants. The contributions reimburse the SDI fund for disability benefits and administrative costs already paid and estimated to be paid. For further information on elective coverage, request *Information Sheet, Elective Coverage* (DE 231EC) and *Elective Coverage Information* (DE 2565) by using the order form on page 128, or visit EDD's Internet site at www.edd.ca.gov (choose Programs & Services, then Disability Insurance, then Elective Coverage), or contact the Disability Insurance Elective Coverage Unit at (916) 654-6288.

WORKERS' COMPENSATION INSURANCE

If you have any employees, you are required by law to have workers' compensation insurance. Failure to do so is a crime and may result in penalties and closure of your business.

If you have questions about workers' compensation insurance, or how to obtain coverage, contact your insurance agent or the State Compensation Insurance Fund at (800) 892-6000.

ADDITIONAL INFORMATION



For information regarding SDI, contact your local SDI office (see directory on page 2) or visit EDD's Web Site at: www.edd.ca.gov (choose Programs & Services, then Disability Insurance).

NOTE: To provide affordable benefits to eligible workers, the SDI program has systems in place to detect and deter fraud. Please report suspected fraudulent activity to your local SDI office.

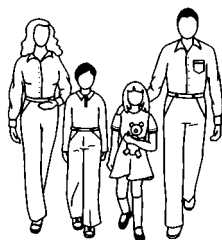
CALIFORNIA PERSONAL INCOME TAX WITHHOLDING

INTRODUCTION - WAGES TAXABLE FOR PIT WITHHOLDING

Wages subject to California Personal Income Tax (PIT) withholding consist of compensation for services performed by an employee for his/her employer, with certain exceptions. Wages include, but are not limited to: salaries, fees (except fees paid to public officials), bonuses, commissions, and payments in forms other than cash or checks. Wages in any form other than cash or checks are measured by the fair market value of the goods, lodging, meals, or other compensation given in payment for the employee's services.

Please refer to page 86 for the PIT withholding schedule.

MARITAL STATUS, WITHHOLDING EXEMPTIONS AND ALLOWANCES (DE 4 AND W-4)



An *Employee's Withholding Allowance Certificate* (IRS Form W-4) can be used for California PIT withholding. However, if an employee wants to claim a different marital status and/or a different number of allowances than are claimed for federal withholding purposes, the employee should file a DE 4. For instance, California recognizes the "Head of Household" status, and an employee would need to file a DE 4 to claim that status.

Use of the DE 4 is optional; however, if an employee files a DE 4 for PIT, you must use it to determine California PIT withholdings.

If employees expect to itemize deductions on their California income tax returns, they can claim additional withholding allowances, which are greater than their regular withholding allowances. When reduced withholding amounts are appropriate because of large amounts of itemized deductions, the employee **must** complete a DE 4, including the attached worksheets, to support additional allowances for the itemized deductions. For specific information for treatment of additional withholding allowances for estimated deductions, refer to "Instructions for Additional Withholding Allowances for Estimated Deductions," page 86, and the "Estimated Deduction Table" on page 88. To obtain copies of the DE 4, use the order form on page 126 or contact your local Employment Tax Customer Service Office (ETCSO) (see directory on page 1).

An employee may request that no California PIT be withheld if:

- He or she incurred no liability for federal income tax for the preceding taxable year,
- AND**
- He or she anticipates that no federal income tax liability will be incurred for the current taxable year.

IF	THEN
Employee did not file a DE 4	<p>The employer must use the marital status and allowances claimed (including any additional allowances) by the employee on the W-4 federal form to calculate and withhold California PIT.</p> <p>EXCEPTION: Do not withhold any California PIT from wages of employees who have filed "EXEMPT" on their W-4 unless you receive a written notice from the Internal Revenue Service (IRS) or the Franchise Tax Board (FTB) to withhold at a special rate. To maintain "EXEMPT" status, the employee must file a new DE 4 or W-4 EACH YEAR on or before February 15.</p>
Employee filed a DE 4	The employer must use the DE 4 to calculate and withhold California PIT.
Employee's marital status cannot be determined from the DE 4 or W-4	Consider the employee as single for California PIT withholding purposes.

CALIFORNIA PERSONAL INCOME TAX WITHHOLDING

EMPLOYER'S OBLIGATIONS FOR THE DE 4 AND W-4

If an employee files a W-4 for federal withholding purposes and the W-4 also meets State reporting requirements, then filing the W-4 with the IRS also satisfies the State reporting requirement. Normally the employer retains the W-4 with the employee's payroll records.

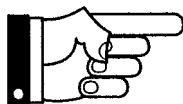
Federal regulations require employers to submit to the IRS copies of all W-4s received during the quarter which claim:

- More than 10 withholding allowances,

OR

- Exemption from withholding when the usual weekly wages will exceed \$200 per week.

IF	THEN
Form W-4 is sent to IRS	Treat Form W-4 as valid until notified in writing by the IRS on how to handle the employee's withholding for federal withholding purposes. The instructions you receive for federal withholding purposes apply for State withholding purposes unless a DE 4 is filed by the employee.
Form W-4 is not reportable to the IRS, but the DE 4 meets the reporting requirements	Employers are required to send a copy of the DE 4 to EDD with the next <i>Quarterly Wage and Withholding Report</i> (DE 6). Continue to treat the DE 4 as valid until notified in writing by the FTB on the proper marital status and number of allowances to use for State withholding purposes for the employee.
An employee disagrees with an IRS or FTB determination as it applies to State withholdings	The employee may request a review of the determination by writing to: Franchise Tax Board W-4 Unit P.O. Box 2952 Sacramento, CA 94240-0000



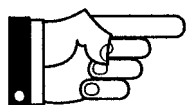
NOTE: The burden of proof rests with the employee to show the IRS or FTB determination is incorrect for State withholding purposes. Continue to withhold California PIT based on the IRS or FTB determination until notified in writing by the FTB of any changes. In the event the FTB or IRS find no reasonable basis for the number of withholding exemptions claimed on IRS Form W-4 or DE 4, the employee may be subject to a \$500 penalty.

HOW TO DETERMINE WITHHOLDING AMOUNTS (PIT TABLES)

Refer to page 86 for the California PIT withholding schedule and withholding calculation information for 2000.

CALIFORNIA PERSONAL INCOME TAX WITHHOLDING

WAGES PAID TO NONRESIDENT EMPLOYEES OF CALIFORNIA



IF	THEN
A nonresident employee performs all services within California	<p>The wages paid to the nonresident employee are subject to withholding, and PIT must be withheld from all wages paid, in accordance with the employee's withholding certificate and the applicable withholding method.</p> <p>The wages paid must be reported as PIT wages on the <i>Quarterly Wage and Withholding Report</i> (DE 6). The PIT withheld must also be reported to EDD.</p> <p>EXCEPTION: Nonresident members of the U.S. Armed Forces stationed in California are not subject to California PIT.</p>
A nonresident employee has performed services both within and outside of California	<p>Only the wages for services performed in California are subject to California PIT. These wages must be reported as PIT wages on the <i>Quarterly Wage and Withholding Report</i> (DE 6). The PIT withheld must be reported to EDD as PIT withheld.</p> <p>NOTE: For employees whose compensation depends on the volume of business transacted, the amount of earnings subject to California PIT withholding is that portion earned for business transacted within California.</p>

ADDITIONAL PIT WITHHOLDING

In addition to the tax required to be withheld from salaries and wages, you may, upon written request from the employee, agree to withhold an additional amount from the employee's wages. This agreement will be effective for the periods you and the employee mutually agree upon or until termination of the agreement by written notice.

If employees rely on the W-4 when calculating California withholding allowances, their California PIT could be significantly underwithheld. This is particularly true if the household income is derived from more than one source. If an employee wants more California PIT withheld than the tables and alternate methods allow, the employee should either request additional withholding or, if married, indicate "single" on the DE 4 (the DE 4 provides a full explanation). To obtain copies of the DE 4, use the order form on page 126 or contact your local ETC SO (see the directory on page 1).

SUPPLEMENTAL WAGE PAYMENTS



Supplemental wages include, but are not limited to bonuses, overtime pay, sales awards, commissions, and vacation pay. If supplemental wages are paid after the payment of regular wages, then the method of withholding PIT depends on whether California PIT was withheld from the employee's regular wages.

If California PIT was withheld from the employee's regular wages, you may choose either one of the following methods to withhold PIT on supplemental wages:

- Compute the PIT based on combined regular and supplemental wages. Determine the amount that should be withheld from the regular wages separately. Then subtract this amount from the total amount to be withheld. The difference is the amount to be withheld for supplemental wages, or
- Withhold at a flat 6 percent without allowing for any withholding exemptions claimed by the employee.

If you **have not withheld California PIT** from an employee's regular wages (e.g., when an employee's withholding exemption exceeds his or her wages), the regular and supplemental wages must be added together and the tax computed on the total amount.

CALIFORNIA PERSONAL INCOME TAX WITHHOLDING

QUARTERLY ESTIMATE PAYMENTS

Quarterly estimates paid directly to FTB in lieu of proper withholdings from wages may result in an assessment to the employer. Wages are subject to mandatory California PIT withholding at the time they are paid to the employee. Quarterly estimates made to FTB are intended to satisfy taxes on income not subject to withholding.

REPORTING STATE DISABILITY INSURANCE (SDI) ON FORM W-2

Employers **must** report to their employees the total amount of SDI withheld from employee wages during the year. Employers covered under the State plan are to enter in **box 21 (or the nearest available box) of IRS Form W-2** the abbreviation "CASDI" and the amount actually withheld. Employers covered under an authorized Voluntary Plan for disability insurance are to enter "VPDI" and the amount actually withheld.

IF no boxes are available on IRS Form W-2, you are required to provide your employees with a separate written statement which contains the following:

- Your business or entity name, address, and federal and state employer numbers.
- The employee's name, address, and Social Security Number.
- Amount of disability insurance deductions actually withheld and paid directly by you under the State or Voluntary Plan.

IF you pay SDI taxes **without** withholding the SDI from the employee's wages, you should show the SDI taxes as if withheld and increase compensation according to the formula as shown on the *Information Sheet: Social Security/Medicare/SDI Taxes Paid By an Employer* (DE 231Q). To obtain a copy of the DE 231Q, contact your local ETC SO (see directory on page 1). You may also contact EDD's Forms Warehouse by calling (916) 322-2835, or by fax at (916) 928-5910, or use the order form on page 128 of this guide.

IF the wages were not subject for SDI, show "CASDI 0" (zero).

REPORTING OF FORMS W-2, W-2C, AND 1099

Prepare the annual wage and tax statements (IRS Form W-2) on the federal/State four-part paper forms. If you need information on the requirements for an IRS Form W-2, refer to IRS publication Circular E.

State copies of IRS Forms W-2 and W-2C should no longer be submitted to the State of California; however, you must continue to send copies to the employee and the IRS. Forms 1099 information returns must be provided to the FTB. If your business is located in California and you file paper 1099s with the IRS in Ogden, Utah you have met your filing requirement for the IRS and California. If you are located outside California, then you must file paper copies with FTB. If you are filing 250 or more Forms 1099, you must file magnetically through the IRS Combined Federal/State Program or by filing directly with FTB. Check Information Return Reporting at FTB's web site: www.ftb.ca.gov or contact their call site at (916) 845-6304 for more information.

ADDITIONAL INFORMATION

Additional information can be found in the appendix in the "Types of Employment" table beginning on page 69 and in the "Types of Payments" table beginning on page 78. You may also request the information sheets shown below by using the order form on page 128 or by contacting your local ETC SO (see the directory on page 1).

CALIFORNIA PERSONAL INCOME TAX WITHHOLDING

**ADDITIONAL
INFORMATION**
(cont.)

SUBJECT	INFORMATION SHEET/ PUBLICATION NUMBER
<i>Personal Income Tax Withholding: Supplemental Wage Payments & Moving Expense Reimbursement</i>	DE 231PS
<i>Third-Party Sick Pay</i>	DE 231R
<i>Withholding From Pensions, Annuities, and Other Deferred Income</i>	DE 231P
<i>Personal Income Tax Abatement</i> (provides information regarding assessments)	DE 231W

DID YOU KNOW?

The sections you must complete on the *Payroll Tax Deposit* (DE 88), *Quarterly Wage and Withholding Report* (DE 6), and *Annual Reconciliation Statement* (DE 7) have boxes for each letter or number.

If you use a typewriter or computer to complete the forms, you can print across the lines of the boxes.

If you complete the forms by hand, you must write one letter or number in each box.

LABOR MARKET INFORMATION

Labor Market Information Available On-Line

The EDD's Labor Market Information Division (LMID) collects, analyzes, and publishes information about California's labor market that can help with your important business decisions. You can compare wages, skills, and educational requirements for selected occupations and areas throughout the State, or make strategic plans using industry, occupational, and regional trend information. You can view or download the information 24 hours a day, 7 days a week on LMID's Internet site at www.calmis.ca.gov. To request a complete list of publications and their cost, please contact LMID at (916) 262-2162. These publications may also be available at your local public library or the EDD office nearest you.

What Kind of Information is Available On the Internet?

You can have immediate access to the type of labor market information you need to make important business decisions. Our Web site is organized by geography and by subject areas as shown below:

Agriculture: Statewide and county employment and earnings data for selected crops and industries.

Demographics: Statewide census data, population tables, social and economic data for nondiscrimination programs, and income statistics.

Industry: Current employment, historical data, projections of employment, hours and earnings, and size of firm data.

Labor Force: Monthly labor force by county, Metropolitan Statistical Area, and the State, historical monthly and annual average information, labor market conditions in California, and employment characteristics.

Labor Market Information Resources: A collection of files that provide a listing of LMI area consultants, local partners for the California Cooperative Occupational Information System, available publications from LMID, and where to get additional labor market data.

Occupations: Projections of employment by occupation; the *California License Professional and Business Handbook 1999*, the *California Occupational Guides*, *Important Job Skills for California's Top Fifty Occupations*, the *Occupational Guide Wage Supplement*, and *Occupational Outlook Reports*.

Multiple Location and/or Function Employers

When an employer maintains a business at more than one physical location and/or conducts more than one business activity/function at the same location, and meets specific employment size criteria, the employer is considered to be a multiple establishment employer. These employers may be required to file, on a quarterly basis, the *Multiple Worksite Report* (BLS 3020). The LMID mails the BLS 3020 to employers who are required to file the report.

DID YOU KNOW?

EDD's Employment Tax Customer Service Offices provide basic, intermediate, and advanced level seminars to help employers understand their responsibilities regarding California employment taxes. To find out about a seminar near you, call one of the following telephone numbers:

Downey	(562) 923-1237
Laguna Hills	(949) 768-6102
Sacramento	(916) 464-3502
San Francisco	(415) 929-5700

Or visit EDD's Internet home page:

www.edd.ca.gov

CALIFORNIA'S JOB SERVICE

The Job Service is an integral partner in the One-Stop Career Center (OSCC) system, whose goal is to integrate employment and training programs. From the State level, policies, procedures, performance-based accountability, and automated tools are provided which can be used for flexible solutions at the local level.

The EDD recognizes that employers are our primary customers, and provides no-fee employment services at Job Service offices and OSCC sites throughout the State. You may directly enter your job listings on our Internet-based automated CalJOBS system without EDD assistance. You can view the largest on-line database of job seeker resumes in the State and directly contact job seekers who meet your requirements. The EDD can also enter your job listings and prescreen job seekers based on applicant supplied information.

The EDD has staff available to assist you with all of your employment and training needs. Some of the services provided by EDD's Job Service sites are:

- CalJOBS automated job listing system linked to America's Job Bank
- Special Recruitment Services
- Training Program Information
- Employment Tax Credits:
 - Federal tax vouchers are issued by EDD for the Welfare-to-Work Tax Credit (WtWTC) and the Work Opportunity Tax Credit (WOTC). These tax credits promote the hiring of long-term welfare recipients. An employer can receive up to an \$8,500 federal tax credit for every eligible job seeker hired. There is no limit to the number of new hires who may be submitted for certification. Information on these tax credits can be accessed on the Internet at: www.edd.ca.gov/wotcind.htm
 - State tax credit information for the Enterprise Zone (EZ) program is available from the California Trade and Commerce Agency at: commerce.ca.gov/index.html or call (916) 324-8211.
- Labor Market Information (also see page 65)
- Bonding

Enroll today to use CalJOBS at www.caljobs.ca.gov, or call your nearest Job Service office to list your job opening or to request any of the services listed above. Refer to your local telephone white pages under: "Government Listings - State Government Offices - Employment Development Department - Job Service."

More information on these services is available from your local Job Service office or visit EDD's home page on the Internet :

www.edd.ca.gov (then choose For Employers – [Recruitment/Referral Services](#) or Index of Services)

EMPLOYMENT TRAINING PANEL - History

In 1982, the California State Legislature created the Employment Training Panel (ETP) as a cooperative business labor program to provide employers with skilled workers and provide workers with good, long-term jobs. The Legislature also established the Employment Training Tax (ETT). All tax-rated employers, including new employers, are subject to ETT. Employers with positive reserve accounts are assessed 0.1 percent (.001) of the first \$7,000 of each employee's wages. Employers do not pay ETT while their reserve accounts have a negative reserve balance; however, they must pay a higher rate of unemployment insurance (UI) taxes. The maximum ETT collected is \$7 per employee per year.

EMPLOYMENT SERVICES

ETP - Purpose

The ETP funds training that results in long-term, full-time employment in targeted industries to improve California competitiveness in the economy and the skills of the State's workforce. Approximately \$80 to \$100 million in job training funds are provided annually to California employers. The ETP has placed special emphasis on training for small businesses with fewer than 100 employees.

The ETP funds programs for training and retraining current employees, training and placing new-hire workers, Special Employment Training (SET), and Welfare-to-Work training. The ETP is improving California's economy by training new workers for full-time employment and retraining workers in danger of being displaced as a result of economic conditions, changes in technology in the work place, or aggressive foreign and domestic competition.

ETP - Who Should Apply

The ETP contracts with tax-rated employers, groups of employers, training agencies, and Private Industry Councils. The ETP funds the following four types of training to promote a healthy labor market in a growing, competitive economy:

- **Retraining:** Helps manufacturers and companies facing out-of-state competition by upgrading the skills of current employees.
- **New-Hire:** Trains unemployed workers eligible to receive UI benefits and places them in career-oriented jobs.
- **Special Employment Training (SET):** Provides special, unique training in areas such as defense conversion, emerging technologies, entrepreneurial training for small business owners, training for individuals with barriers to employment, and upgrade training for workers whose skills are in areas where there are shortages.
- **Welfare-to-Work:** Provides funds for post-employment training of recent welfare recipients.

ETP's primary targets are those industries facing out-of-state competition, such as manufacturing and emerging technologies (Bio Tech, BioMed, and Multimedia).

How is ETP Different? (Employers, Labor and Government Working Together)

The employer selects the courses, trainers, and type of training that best meet their company's needs. The ETP's performance-based standards ensure that training results in jobs. The ETP funds are earned when the trainee completes training, has been placed, or is retained in a full-time job for at least 90 days, using the skills learned during the training, and earns a salary as specified in the training agreement.

For additional information or a schedule of free orientations, contact one of the following ETP offices:

North Hollywood	(818) 755-1313
Sacramento	(916) 327-5640
San Diego	(619) 686-1920
San Mateo	(650) 655-6930

Internet address: www.etp.ca.gov

**JOB TRAINING
PARTNERSHIP ACT**

The federal Job Training Partnership Act (JTPA) authorizes a number of employment and training programs and distributes more than \$500 million in job training funds annually throughout the State. California has 52 Service Delivery Areas (SDA) that run JTPA programs. Local programs within each SDA operate through a partnership between local government and private business. Each year, these programs help prepare over 200,000 individuals statewide for participation in the work force, which results in increasing their employment and earning potential and reducing their dependency on welfare.

The JTPA helps economically-disadvantaged adults compete in the work force by providing basic education, skills training, and support services. Economically disadvantaged youths learn basic and occupational skills to help them transition from school to work. Workers displaced due to a plant closure or mass layoff receive job placement assistance, retraining, and special services.

The JTPA offers employers:

- Referral of qualified job applicants who are trained to employer specifications.
- Assistance in obtaining state and federal tax credits for hiring JTPA participants.
- Reimbursement for the extraordinary costs of training participants on the job, up to the equivalent of 50 percent of the new employee's wages.
- Development of customized training packages.
- Assistance for workers dislocated due to plant closings or work force reductions.

To find the name and address of the SDA serving your area, call (916) 654-7799. You may also get this information from your local Job Service office or EDD's home page on the Internet at:

www.edd.ca.gov (then choose [Programs & Services](#))

**WELFARE-to-
WORK GRANT
INITIATIVE**

The federal Welfare-to-Work Grant Initiative provides \$190 million for Private Industry Councils (PICs) and other types of community-based organizations to create job opportunities for the hardest-to-employ welfare recipients. These funds may be used to fully subsidize employment wages or on-the-job training, and provide post-employment services, such as occupational skills training, transportation, childcare, etc.

To obtain the name and address of the PIC serving your area, call (916) 654-7799.

DID YOU KNOW?

If you need advice or assistance to complete your *Payroll Tax Deposit* (DE 88), *Quarterly Wage and Withholding Report* (DE 6), or *Annual Reconciliation Statement* (DE 7), contact the Employment Tax Customer Service Office nearest you. (See directory on page 1.)

TYPES OF EMPLOYMENT

This table identifies special classes of employment and will help you determine your tax responsibilities. If you have any questions regarding an individual's proper status in working for or with you, please contact your nearest Employment Tax Customer Service Office (ETCSO) (see directory on page 1).

In addition to this table, EDD has prepared the Types of Payments Table beginning on page 78 and "Information Sheets" for specific industries, types of services, or types of payments. You may request these sheets by contacting your local ETCSO, mailing a *Requisition for Employment Development Department Forms* (DE 3274), or by using the order form provided on page 128 of this guide.

TYPES OF EMPLOYMENT	TREATMENT FOR TAX PURPOSES			
	UNEMPLOYMENT INSURANCE AND EMPLOYMENT TRAINING TAX ¹	DISABILITY INSURANCE	PERSONAL INCOME TAX WITHHOLDING	PERSONAL INCOME TAX WAGES
Agricultural Labor Refer to federal Circular A.	Subject Section 611 CUIC	Subject Section 611 CUIC	Not subject ² Section 13009 (a) CUIC	Reportable Section 13009.5 CUIC
Artists - Authors: A. Common law employees.	Subject Section 621 (b) CUIC	Subject Section 621 (b) CUIC	Subject Section 13004 CUIC	Reportable Section 13009.5 CUIC
B. Statutory employees hired for specific work. Refer to <i>Information Sheet: Statutory Employees</i> (DE 231SE).	Subject Section 601.5 CUIC	Subject Section 601.5 CUIC	Not subject Section 4304-1 Title 22	Reportable Section 13009.5 CUIC
Automotive Repair Industry Refer to <i>Information Sheet: Automotive Repair Industry</i> (DE 231B).	Subject Section 621 (b) CUIC	Subject Section 621 (b) CUIC	Subject Section 13004 CUIC	Reportable Section 13009.5 CUIC
Barber Shops and Beauty Shops Refer to <i>Information Sheet: Cosmetologists</i> (DE 231C).	Subject Section 621 (b) CUIC	Subject Section 621 (b) CUIC	Subject Section 13004 CUIC	Reportable Section 13009.5 CUIC
Baseball Players Subject unless under agreement to perform for a share of the profits and expenses of the club.	Exempt Section 653 CUIC	Exempt Section 653 CUIC	Subject Section 13004 CUIC	Reportable Section 13009.5 CUIC
Brokers: A. Real estate broker or salesperson.	Exempt if all three of the conditions in the footnote are met: ³ Section 650 CUIC	Exempt if all three of the conditions in the footnote are met: ³ Section 650 CUIC	Not subject if all three of the conditions in the footnote are met: ³ Section 13004.1 CUIC	Not reportable if all three of the conditions in the footnote are met: ³ Section 13009.5 CUIC
B. Cemetery broker or salesperson.	Exempt if all three of the conditions in the footnote are met: ³ Section 650 CUIC	Exempt if all three of the conditions in the footnote are met: ³ Section 650 CUIC	Subject Section 13004.1 CUIC	Reportable Section 13009.5 CUIC
C. Gas or oil broker or mineral broker.	Exempt if all three of the conditions in the footnote are met: ³ Section 650 CUIC	Exempt if all three of the conditions in the footnote are met: ³ Section 650 CUIC	Not Subject if all three of the conditions in the footnote are met: ³ Section 13004.1 CUIC	Not reportable if all three of the conditions in the footnote are met: ³ Section 13009.5 CUIC
D. Yacht broker and salesperson	Exempt if all three of the conditions in the footnote are met: ³ Section 650 CUIC	Exempt if all three of the conditions in the footnote are met: ³ Section 650 CUIC	Not subject if all three of the conditions in the footnote are met: ³ Section 13004.1 CUIC	Not reportable if all three of the conditions are met: ³ Section 13009.5 CUIC

See page 77 for footnotes

TYPES OF EMPLOYMENT

TYPES OF EMPLOYMENT	TREATMENT FOR TAX PURPOSES			
	UNEMPLOYMENT INSURANCE AND EMPLOYMENT TRAINING TAX ¹	DISABILITY INSURANCE	PERSONAL INCOME TAX WITHHOLDING	PERSONAL INCOME TAX WAGES
Casual Labor: Refer to <i>Information Sheet: Casual Labor</i> (DE 231K). A. Part-time or temporary workers.	Subject Section 926 CUIC	Subject Section 926 CUIC	Subject Section 13004 CUIC	Reportable Section 13009.5 CUIC
B. Service not in the course of employer's trade or business. 1. Cash payments.	Subject only if \$50 or more is paid in a quarter and employee works some part of 24 or more different days in that quarter or on 24 or more days in the preceding quarter. Section 640 CUIC	Subject only if \$50 or more is paid in a quarter and employee works some part of 24 or more different days in that quarter or on 24 or more days in the preceding quarter. Section 640 CUIC	Subject only if \$50 or more is paid in a quarter and employee works some part of 24 or more different days in that quarter or on 24 or more days in the preceding quarter. Section 13009 (c) CUIC	Reportable only if \$50 or more is paid in a quarter and employee works some part of 24 or more different days in that quarter or on 24 or more days in the preceding quarter. Section 13009.5 CUIC
2. Noncash payments (e.g., meals and lodging).	Not subject Section 936 CUIC	Not subject Section 936 CUIC	Not subject Section 13009 (h) CUIC	Not reportable Section 13009.5 CUIC
Construction Contractors Refer to <i>Information Sheet: Construction Industry</i> (DE 231G).	Subject unless working as a contractor with a valid contractor's license and not a common-law employee. Section 621 (b) of 621.5 CUIC	Subject unless working as a contractor with a valid contractor's license and not a common-law employee. Section 621 (b) of 621.5 CUIC	Subject unless working as a contractor with a valid contractor's license and not a common-law employee. Section 13004 or 13004.5 CUIC	Reportable unless working as a contractor with a valid contractor's license and not a common-law employee. Section 13009.5 CUIC
Election Campaigns Workers for candidates or committees. Refer to <i>Information Sheet: Election Campaign Workers</i> (DE 231V).	Exempt Section 636 CUIC	Exempt Section 636 CUIC	Subject Section 13004 CUIC	Reportable Section 13009.5 CUIC
Family Employees Minor son or daughter under 18 employed by parent (or by partnership consisting only of parents); wife employed by husband or husband employed by wife; and parent employed by son or daughter. Refer to <i>Information Sheet: Specialized Coverage</i> (DE 231SC).	Exempt - applies only to sole proprietorship and partnerships. Section 631 CUIC	Exempt unless an approved elective coverage agreement is in effect. This applies only to sole proprietorship and partnerships. Section 631 CUIC	Subject Section 13004 CUIC	Reportable Section 13009.5 CUIC
Federal Employees: A. Members of the Armed Forces of the United States.	Federal pays cost of benefits. Section 632 CUIC	Exempt - no benefits. Section 632 CUIC	Subject if stationed in and domiciled in California. (Both conditions must be present.) Section 4305-1 (d) Title 22	Reportable if stationed in and domiciled in California. (Both conditions must be present.) Section 13009.5 CUIC
B. Federal civilian employees.	Federal pays cost of benefits. Section 632 CUIC	Exempt - no benefits. Section 632 CUIC	Subject Section 4305-1 (d) Title 22	Reportable Section 13009.5 CUIC

See page 77 for footnotes.

TYPES OF EMPLOYMENT

TYPES OF EMPLOYMENT	TREATMENT FOR TAX PURPOSES			
	UNEMPLOYMENT INSURANCE AND EMPLOYMENT TRAINING TAX ¹	DISABILITY INSURANCE	PERSONAL INCOME TAX WITHHOLDING	PERSONAL INCOME TAX WAGES
Fishing and Related Activities Refer to <i>Information Sheet: Commercial Fishing</i> (DE 213CF).	Subject Section 621 (b) CUIC	Subject Section 621 (b) CUIC	Not subject Section 13009 (o) CUIC	Reportable Section 13009.5 CUIC
Foreign Government and International Organizations Refer to <i>Information Sheet: Foreign Employment and Employment on American Vessels or Aircraft</i> (DE 231FE).	Exempt Section 643, 644, and 644.5 CUIC	Exempt Section 643, 644, and 644.5 CUIC	Not subject Section 13009 (d) CUIC	Not reportable Section 13009.5 CUIC
Foreign service performed by a U.S. citizen: A. U.S. Government employee.	Exempt Section 632 CUIC	Exempt Section 632 CUIC	Not subject Section 13009 (d) CUIC	Not reportable Section 13009.5 CUIC
B. For an American employer or a foreign subsidiary of U.S. corporations or other private employer. Refer to <i>Information Sheet: Foreign Employment and Employment on American Vessels or Aircraft</i> (DE 231FE).	Subject if employer's principal place of business in the U.S. is in California or ⁴ Section 610 CUIC	Subject if employer's principal place of business in the U.S. is in California or ⁴ Section 610 CUIC	Subject if employee is a California resident. Section 13020 CUIC	Reportable if employee is a California resident. Section 13009.5 CUIC
C. On or in connection with an American aircraft or vessel and such services are subject to FUTA. Refer to <i>Information Sheet: Foreign Employment and Employment on American Vessels or Aircraft</i> (DE 231FE).	Subject if the operations are ordinarily and regularly directed and controlled from the employer's California office. Section 125.3, 125.5, and 609 CUIC	Subject if the operations are ordinarily and regularly directed and controlled from the employer's California office. Section 125.3, 125.5, and 609 CUIC	Subject if services are performed on an aircraft. Section 13009 CUIC Not subject if services are performed on a vessel. Section 13009 (j) CUIC	Reportable if services are performed on an aircraft. Not reportable if services are performed on a vessel. Section 13009.5 CUIC
Golf Caddies	Exempt Section 651 CUIC	Exempt Section 651 CUIC	Subject Section 13004 CUIC	Reportable Section 13009.5 CUIC
Homeworkers (Industrial) A. Common law employees. Refer to <i>Information Sheet: Employment</i> (DE 231).	Subject Section 621 (b) CUIC	Subject Section 621 (b) CUIC	Subject Section 13004 CUIC	Reportable Section 13009.5 CUIC
B. Statutory employees. Refer to <i>Information Sheet: Statutory Employees</i> (DE 231SE).	Subject Section 621 (c) (1) (c) CUIC	Subject Section 621 (c) (1) (c) CUIC	Not subject Section 13004 CUIC	Reportable Section 13009.5 CUIC
Hotel and Restaurant Industry Refer to <i>Information Sheet: Restaurant and Hotel Industry</i> (DE 231E).	Subject Section 621 (b) CUIC	Subject Section 621 (b) CUIC	Subject Section 13004 CUIC	Reportable Section 13009.5 CUIC

See page 77 for footnotes.

TYPES OF EMPLOYMENT

TYPES OF EMPLOYMENT	TREATMENT FOR TAX PURPOSES			
	UNEMPLOYMENT INSURANCE AND EMPLOYMENT TRAINING TAX ¹	DISABILITY INSURANCE	PERSONAL INCOME TAX WITHHOLDING	PERSONAL INCOME TAX WAGES
Household Employment (Domestic) In private homes, local college clubs, fraternities, and sororities. Refer to "HOUSEHOLD EMPLOYERS" on page 17, <i>Information Sheet: Household Employment</i> (DE 231L), and/or <i>Household Employers' Guide</i> (DE 8829).	Subject if \$1,000 or more in cash paid in any calendar quarter for household services. Section 629 and 682 CUI	Subject if \$750 or more in cash paid in any calendar quarter for household services. Section 2606.5 CUI	Not subject ² Section 13009 (b) CUI	Reportable if otherwise required to register with EDD. Section 13009.5 CUI
Interns working in hospitals	Exempt Section 645 CUI	Subject if employed by a private nonprofit or district hospital. Section 2606 CUI Exempt if employed by any other hospital. Section 2645 CUI	Subject Section 13004 CUI	Reportable Section 13009.5 CUI
Janitors (Business Service Industry) Refer to <i>Information Sheet: Services Industry</i> (DE 231I).	Subject Section 621 (b) CUI	Subject Section 621 (b) CUI	Subject Section 13004 CUI	Reportable Section 13009.5 CUI
Jockey or exercise person working freelance, if licensed by the California Horse Racing Board	Exempt Section 654 CUI	Exempt Section 654 CUI	Subject Section 13004 CUI	Reportable Section 13009.5 CUI
Language Interpreters or Translators	Subject Section 621 (b) CUI	Subject Section 621 (b) CUI	Subject Section 13004 CUI	Reportable Section 13009.5 CUI
Manufacturing Industry Refer to <i>Information Sheet: Manufacturing Industry</i> (DE 231H).	Subject Section 621 (b) CUI	Subject Section 621 (b) CUI	Subject Section 13004 CUI	Reportable Section 13009.5 CUI
Ministers of churches and members of religious orders, performing duties as such, may elect coverage. Refer to <i>Information Sheet: Specialized Coverage</i> (DE 231SC).	Exempt Section 634.5 (b) CUI	Exempt Section 634.5 (b) CUI	Not subject ² Section 13009 (f) CUI	Reportable if otherwise required to report to EDD. Section 13009.5 CUI
Newspaper Carriers under 18 years old delivering to consumers.	Exempt if under 18 and not regular, full-time work. Section 634.5 (a) and 649 (a) CUI	Exempt if under 18 and not regular, full-time work. Section 634.5 (a) and 649 (a) CUI	Not subject ² Section 13009 (g) (1) CUI	Not reportable Unless voluntarily agrees, is 18 years or older, or occupation is regular full-time work. Section 13009.5 CUI
Newspaper and Magazine Vendors buying at fixed prices and retaining excess from sales to consumers.	Exempt Section 634.5 (h) and 649 (b) CUI	Exempt Section 634.5 (h) and 649 (b) CUI	Not subject Section 13009 (g) (2) CUI	Not reportable Section 13009 .5 CUI

See page 77 for footnotes.

TYPES OF EMPLOYMENT

TYPES OF EMPLOYMENT	TREATMENT FOR TAX PURPOSES			
	UNEMPLOYMENT INSURANCE AND EMPLOYMENT TRAINING TAX ¹	DISABILITY INSURANCE	PERSONAL INCOME TAX WITHHOLDING	PERSONAL INCOME TAX WAGES
Nonprofit Organizations (employees of): Refer to <i>Information Sheet: Nonprofit and/or Public Entities</i> (DE 231NP). A. Churches, convention, or associations of churches, or religious organizations which are operated primarily for religious purposes and operated, supervised, controlled, or principally supported by a church, convention, or association of churches. B. All other nonprofit organizations exempt under Section 501(c)(3) of the Internal Revenue Code (IRC) except those under A. above. C. All other organizations exempt under Section 501(a) IRC (other than a pension profit-sharing or stock bonus plan described in Section 401(a) or under Section 521 IRC.	Exempt Section 634.5 (a) CUIC	Exempt unless reportable by nonprofit hospitals. Section 634.5 (a) and 2606 CUIC	Subject Section 13004 CUIC	Reportable Section 13009.5 CUIC
	Subject (Employees earning less than \$50 in any quarter are exempt.) Section 641 CUIC	Subject (Employees earning less than \$50 in any quarter are exempt.) Section 641 CUIC	Subject Section 13004 CUIC	Reportable Section 13009.5 CUIC
	Subject Section 608 CUIC	Subject Section 608 CUIC	Subject Section 13009 CUIC	Reportable Section 13009.5 CUIC
Nonresident of California: A. U.S. Resident 1. Service performed in California. 2. Service performed outside U.S. B. Aliens Working in California: 1. Residents of Canada or Mexico, entering California frequently, in transportation service across the border. 2. Residents of Mexico entering California frequently for construction, maintenance, or operation of waterway, bridge, etc., traversing the border. 3. Residents of Canada or Mexico, entering California frequently, employed wholly within California.	Subject Section 601 CUIC	Subject Section 601 CUIC	Subject Section 13020 CUIC	Reportable Section 13009.5 CUIC
	Subject if employer's principal place of business in U.S. is in California or ⁴ Section 610 CUIC	Subject if employer's principal place of business in U.S. is in California or ⁴ Section 610 CUIC	Not subject Section 13009 CUIC	Not reportable Section 13009.5 CUIC
	Subject (unless railroad service) Section 621 (b) CUIC	Subject (unless railroad service) Section 621 (b) CUIC	Not subject Section 13009 (e) CUIC and 4309-2 (f) (2) (A) Title 22	Reportable (unless railroad service) Section 13009.5 CUIC
	Subject Section 621 (b) CUIC	Subject Section 621 (b) CUIC	Not subject Section 4309-2 (f) (2) (B) Title 22	Reportable Section 13009.5 CUIC
	Subject Section 621 (b) CUIC	Subject Section 621 (b) CUIC	Subject Section 13009 CUIC	Reportable Section 13009.5 CUIC

See page 77 for footnotes.

TYPES OF EMPLOYMENT	TREATMENT FOR TAX PURPOSES			
	UNEMPLOYMENT INSURANCE AND EMPLOYMENT TRAINING TAX ¹	DISABILITY INSURANCE	PERSONAL INCOME TAX WITHHOLDING	PERSONAL INCOME TAX WAGES
4. Workers from any foreign country or its possession lawfully admitted on a temporary basis to perform agricultural labor.	Exempt Section 611 CUIIC	Exempt Section 611 CUIIC	Subject Section 13009 (a) CUIIC	Reportable Section 13009.5 CUIIC
5. Professional athlete, in California for occasional or incidental engagements.	Exempt Section 655 CUIIC	Exempt Section 655 CUIIC	Subject Section 13009 CUIIC	Reportable Section 13009.5 CUIIC
Officers of a corporation performing services as an employee: A. Corporation subject to FUTA.	Subject Section 637 CUIIC	Subject unless sole shareholder or the only shareholder other than his or her spouse and has filed for an exclusion. Section 637 and 637.1 CUIIC	Subject unless agricultural labor. Section 13004 and 13009 (a) CUIIC	Reportable Section 13009.5 CUIIC
B. Corporation not subject to FUTA.	Exempt if officer and/or director is the sole shareholder or the officer is the only shareholder other than his or her spouse. Section 637 CUIIC	Exempt if officer and/or director is the sole shareholder or the officer is the only shareholder other than his or her spouse. Section 637 CUIIC	Subject unless agricultural labor. Section 13004 CUIIC	Reportable if otherwise required to register with EDD. Section 13009.5 CUIIC
Patients Employed by Hospitals	Exempt Section 647 CUIIC	Exempt unless nonprofit district hospital. Section 647 and 2606 CUIIC	Subject Section 13004 CUIIC	Reportable Section 13009.5 CUIIC
Private Postsecondary School Intermittent and Adjunct Instructors. Services must be performed for an institution that meets the requirements of Article 6 (commencing with Section 94800) Chapter 7, Part 59, of the Education Code.	Subject Section 621 (b) CUIIC	Exempt if service is performed under a written contract with the provisions in footnote. ⁵ Section 633 CUIIC	Not subject if service is performed under a written contract with the provisions in footnote. ⁵ Section 13009 (r) CUIIC	Reportable Section 13009.5 CUIIC
Public Entity Employees of cities and counties, local public agency employees, school employees. Refer to <i>Information Sheet: Nonprofit and/or Public Entities</i> (DE 231NP) and <i>Information Sheet: Specialized Coverage</i> (DE 231SC).	Subject Section 605 CUIIC	Exempt unless an approved elective coverage agreement is in effect. Section 605 CUIIC and Section 3306 (c) (7) IRC	Subject Section 13009 CUIIC	Reportable Section 13009.5 CUIIC
Restaurant and Hotel Industry: Refer to <i>Information Sheet: Restaurant and Hotel Industry</i> (DE 231E).	Subject Section 621 (b) CUIIC	Subject Section 621 (b) CUIIC	Subject Section 13004 CUIIC	Reportable Section 13009.5 CUIIC

See page 77 for footnotes.

TYPES OF EMPLOYMENT

TYPES OF EMPLOYMENT	TREATMENT FOR TAX PURPOSES			
	UNEMPLOYMENT INSURANCE AND EMPLOYMENT TRAINING TAX ¹	DISABILITY INSURANCE	PERSONAL INCOME TAX WITHHOLDING	PERSONAL INCOME TAX WAGES
Salespersons: Refer to <i>Information Sheet: Salespersons</i> (DE 231N). A. Common law employees. B. Real estate salespersons. C. Direct sellers. D. Statutory employees Refer to <i>Information Sheet: Statutory Employees</i> (DE 231SE).	Subject Section 621 (b) CUIC	Subject Section 621 (b) CUIC	Subject Section 13004 CUIC	Reportable Section 13009.5 CUIC
	Exempt if all three conditions in footnote are met: ³ Section 650 CUIC	Exempt if all three conditions in footnote are met: ³ Section 650 CUIC	Exempt if all three conditions in footnote are met: ³ Section 13004.1 CUIC	Not reportable if all three conditions in footnote are met: ³ Section 13009.5 CUIC
	Exempt if all three conditions in footnote are met: ³ Section 650 CUIC	Exempt if all three conditions in footnote are met: ³ Section 650 CUIC	Exempt if all three conditions in footnote are met: ³ Section 13004.1 CUIC	Not reportable if all three conditions in footnote are met: ³ Section 13009.5 CUIC
	Subject Section 621 (c) (1) (B) CUIC	Subject Section 621 (c) (1) (B) CUIC	Not subject Section 4304-1 Title 22	Reportable Section 13009.5 CUIC
	Subject Section 926 CUIC	Subject Section 926 CUIC	Subject Section 13004 CUIC	Reportable Section 13009.5 CUIC
State Government and Political Subdivisions, services performed as: A. An elected official. B. A member of a legislative body, or a member of the judiciary, or a state or political subdivision thereof. C. A member of a State National Guard, Ready Reserve, or Air National Guard. D. An employee serving on a temporary basis in case of fire, storm, snow, earthquake, flood, or other similar emergency. E. In a position which, under or pursuant to State law, is designated as either of the following: 1. A major, nontenured policy-making or advisory position.	Exempt Section 634.5 (c) CUIC	Exempt Section 634.5 (c) CUIC	Subject Section 13004 CUIC	Reportable Section 13009.5 CUIC
	Exempt Section 634.5 (c) CUIC	Exempt Section 634.5 (c) CUIC	Subject Section 13004 CUIC	Reportable Section 13009.5 CUIC
	Exempt Section 634.5 (c) CUIC	Exempt Section 634.5 (c) CUIC	Subject Section 13004 CUIC	Reportable Section 13009.5 CUIC
	Exempt Section 634.5 (c) CUIC	Exempt Section 634.5 (c) CUIC	Subject Section 13004 CUIC	Reportable Section 13009.5 CUIC
	Exempt Section 634.5 (c) CUIC	Exempt Section 634.5 (c) CUIC	Subject Section 13004 CUIC	Reportable Section 13009.5 CUIC

See page 77 for footnotes.

TYPES OF EMPLOYMENT

TYPES OF EMPLOYMENT	TREATMENT FOR TAX PURPOSES			
	UNEMPLOYMENT INSURANCE AND EMPLOYMENT TRAINING TAX ¹	DISABILITY INSURANCE	PERSONAL INCOME TAX WITHHOLDING	PERSONAL INCOME TAX WAGES
2. A policy-making or advisory position, the performance of the duties of which ordinarily does not require more than eight hours per week.	Exempt Section 634.5 (c) CUIC	Exempt Section 634.5 (c) CUIC	Subject Section 13004 CUIC	Reportable Section 13009.5 CUIC
F. Employees of State, local governments and instrumentalities not included above.	Subject Section 605 CUIC	Exempt except for public housing and district hospitals. Section 2606 CUIC	Subject Section 13004 CUIC	Reportable Section 13009.5 CUIC
G. Fees of public officials.	Subject Section 926 CUIC	Subject Section 926 CUIC	Not subject Section 4309-2 (b) Title 22	Reportable Section 13009.5 CUIC
Students:				
A. Students working for a public or private school, college or university, if enrolled and regularly attending classes at that school.	Exempt Section 642 CUIC	Exempt Section 642 CUIC	Subject Section 13009 CUIC	Reportable Section 13009.5 CUIC
B. Spouse of student, if such spouse is advised at the time service commences at the school that employment is provided under a program to provide financial assistance to the student by the school, college, or university, and that employment will not be covered by unemployment insurance.	Exempt Section 642 CUIC	Exempt Section 642 CUIC	Subject Section 13009 CUIC	Reportable Section 13009.5 CUIC
C. Student under age 22 enrolled in a full-time program at a nonprofit or public education institution. Institution must normally maintain a regular faculty and curriculum and normally have a regularly organized body of students where its educational activities are located. Student's service must be taken for credit at such an institution. It must combine academic instruction with work experience. It must be an integral part of such program, and the institution must have so certified to the employer.	Exempt unless program established solely for one employer or one group of employers. Section 646 CUIC	Exempt unless program established solely for one employer or one group of employers. Section 656 CUIC	Subject Section 13004 CUIC	Reportable Section 13009.5 CUIC
D. Student nurse working for hospital.	Exempt Section 645 CUIC	Subject if employed by a nonprofit or district hospital. Section 2606 CUIC Exempt if employed by any other hospital. Section 645 CUIC	Subject Section 13004 CUIC	Reportable Section 13009.5 CUIC

See page 77 for footnotes.

TYPES OF EMPLOYMENT

TYPES OF EMPLOYMENT	TREATMENT FOR TAX PURPOSES			
	UNEMPLOYMENT INSURANCE AND EMPLOYMENT TRAINING TAX ¹	DISABILITY INSURANCE	PERSONAL INCOME TAX WITHHOLDING	PERSONAL INCOME TAX WAGES
<p>E. Full-time student working for an organized camp.</p> <p>Full-time student - enrolled for the current term of an academic year or, if between terms, for the immediately preceding period with a reasonable assurance of enrollment in the immediately subsequent period.</p> <p>Organized camp - offers outdoor group living experience for social, spiritual, educational, or recreational purposes; must not operate more than seven months a year, or at least 2/3 of its previous yearly gross income must have been in any 6 of the 12 months of the year.</p>	Exempt Section 642.1 CUIC	Exempt Section 642.1 CUIC	Subject Section 13004 CUIC	Reportable Section 13009.5 CUIC
<p>Temporary Services and Employee Leasing Industry Refer to <i>Information Sheet: Temporary Services and Employment Leasing Industries</i> (DE 231F).</p>	Subject Section 621 (b) and 606.5 CUIC	Subject Section 621 (b) and 606.5 CUIC	Subject Section 4305-1 (i) Title 22	Reportable Section 13009.5 CUIC
<p>Transcriber of depositions, court proceedings, and hearings performed away from the office of the person, firm, or association obligated to produce a transcript of these proceedings.</p>	Exempt Section 630 CUIC	Exempt Section 630 CUIC	Not subject Section 4304-1 Title 22	Not reportable Section 13009.5 CUIC

¹ Employers who have elected the "benefit cost reimbursable method" of financing Unemployment Insurance contributions or who have a negative reserve account balance are not required to contribute to the Employment Training Tax fund.

² Subject if employer and employee voluntarily agree to withhold Personal Income Tax.

³ Exempt if all three of the following conditions are met:

- a) Substantially all payments are directly related to sales or other output.
- b) Services are performed pursuant to a written contract which provides that the individual will not be treated as an employee with respect to those services for State tax purposes.
- c) The individual has any license required to perform the services.

⁴ If the employer has no place of business in the U.S. but:

- a) The employer is an individual who is a resident of California, or
- b) The employer is a corporation which is organized under the laws of California, or
- c) The employer is a partnership or a trust and the number of partners or trustees who are residents of California is greater than the number who are residents of any one other state, or

If none of the criteria above applies, but the employer has elected coverage in this state or the employer has not elected coverage in any state and an individual has filed for benefits in California, based on such service.

⁵ Not subject if service is performed under written contract with all of the following provisions:

- a) That any federal or state income tax liability shall be the responsibility of the party providing the services.
- b) That no disability insurance coverage is provided under the contract, and
- c) That the party performing the services certifies that he or she is doing so as a secondary occupation or as a supplemental source of income.

TYPES OF PAYMENTS

This table identifies special types of payments and will help you determine your tax responsibilities. If you have any questions regarding how an individual payment is taxed, please contact your nearest Employment Tax Customer Service Office. (See directory on page 1).

In addition to this table, EDD has prepared the Types of Employment Table beginning on page 68 and "Information Sheets" for specific industries, types of services, or types of payments. You may request these sheets by contacting your local ETC SO, mailing a *Requisition for Employment Development Department Forms* (DE 3274), or by using the order form provided on page 128 of this guide.

TYPES OF PAYMENT	TREATMENT FOR TAX PURPOSES			
	UNEMPLOYMENT INSURANCE AND EMPLOYMENT TRAINING TAX ¹	DISABILITY INSURANCE	PERSONAL INCOME TAX WITHHOLDING	PERSONAL INCOME TAX WAGES
Adoption Assistance Payments as defined in Section 137 of the Internal Revenue Code (IRC):				
A. If the adoption assistance program is <u>not</u> under a Section 125 IRC Cafeteria Plan.	Subject Section 926 CUI C	Subject Section 926 CUI C	Not subject Section 13009 (q) CUI C	Not reportable Section 13009.5 CUI C
B. If the adoption assistance program is under a Section 125 IRC Cafeteria Plan:				
<ul style="list-style-type: none"> Employer contributions into the plan. 	Subject Section 938.3 (d) CUI C	Subject Section 938.3 (d) CUI C	Not subject Section 13009 (q) CUI C	Not reportable Section 13009.5 CUI C
<ul style="list-style-type: none"> Employee contributions into the plan. 	Subject Section 938.3 (d) CUI C	Subject Section 938.3 (d) CUI C	Not subject Section 13009 (q) CUI C	Not reportable Section 13009.5 CUI C
<ul style="list-style-type: none"> Payments from the plan. 	Subject Section 926 CUI C	Subject Section 926 CUI C	Not subject Section 13009 (q) CUI C	Not reportable Section 13009.5 CUI C
Board of Directors Fees A director of a corporation or association performing services in the capacity of a director	Not subject Section 622 CUI C	Not subject Section 622 CUI C	Subject if a common law employee. Not subject if corporation pays compensation to a nonresident corporate director for director services performed in California. Section 13020 (c) CUI C	Reportable if a common law employee. Not reportable if corporation pays compensation to a nonresident corporate director for director services performed in California. Section 13009.5 CUI C
Bonuses	Subject Section 926 CUI C	Subject Section 926 CUI C	Subject Section 13009 CUI C	Reportable Section 13009.5 CUI C
Business Expenses A. Employer repayment of required or necessary business expenses incurred by the employee while performing service for the employer, or	Exempt Section 929 CUI C	Exempt Section 929 CUI C	Not subject Section 13009 (q) CUI C	Not reportable Section 13009.5 CUI C
B. Long-term travel expense in Section 162 IRC.	Exempt Section 929 CUI C	Exempt Section 929 CUI C	Subject Section 13009 CUI C	Reportable Section 13009.5 CUI C

See page 85 for footnotes.

TYPES OF PAYMENTS

TYPES OF PAYMENT	TREATMENT FOR TAX PURPOSES			
	UNEMPLOYMENT INSURANCE AND EMPLOYMENT TRAINING TAX ¹	DISABILITY INSURANCE	PERSONAL INCOME TAX WITHHOLDING	PERSONAL INCOME TAX WAGES
Cafeteria Plan Payments Under Section 125 IRC. Refer to <i>Information Sheet: Taxability of Employee Benefits</i> (DE 231EB).	Generally exempt. Section 938.3 (d) CUIC	Generally exempt. Section 938.3 (d) CUIC	Not subject Section 13009 (i) (5) CUIC	Not reportable if excluded from taxable income. Section 13009.5 CUIC
Debts Paid by Employer (Amounts in lieu of cash wages offset by the employer):				
A. Amounts paid against a debt due from employee.	Subject Section 926 CUIC	Subject Section 926 CUIC	Subject Section 13009 CUIC	Reportable Section 13009.5 CUIC
B. Amounts applied to a debt owed to a third party by the employee.	Subject Section 926 CUIC	Subject Section 926 CUIC	Subject Section 13009 CUIC	Reportable Section 13009.5 CUIC
Deceased Employee Wages Wages paid to beneficiary or estate after the date of the worker's death.	Exempt after the calendar year in which the employee died. Section 938.7 CUIC	Exempt after the calendar year in which the employee died. Section 938.7 CUIC	Not subject Section 13009 (q) CUIC	Not reportable Section 13009.5 CUIC
Dependent Care Assistance Programs (Limited to \$5,000; \$2,500 if married filing separately.)	Exempt if, at the time paid or furnished, it is reasonable to believe the amounts are excludable from income under Section 129 of the IRC. Section 938.3 (b) CUIC	Exempt if, at the time paid or furnished, it is reasonable to believe the amounts are excludable from income under Section 129 of the IRC. Section 938.3 (b) CUIC	Not subject if, at the time paid or furnished, it is reasonable to believe the amounts are excludable from income under Section 129 of the IRC. Section 13009 (q) CUIC	Not reportable if, at the time paid or furnished, it is reasonable to believe the amounts are excludable from income under Section 129 of the IRC. Section 13009.5 CUIC
Dismissal or Severance Pay	Subject unless payments qualify as supplemental UI benefits. Section 1265 CUIC	Subject unless payments qualify as supplemental UI benefits. Section 1265 CUIC	Subject Section 13009 (q) CUIC	Reportable Section 13009.5 CUIC
Educational Assistance Payments under Section 127 of the IRC.				
A. Graduate level courses	Subject Section 938.3 (a) CUIC	Subject Section 938.3 (a) CUIC	Subject Section 13009 (q) CUIC	Reportable Section 13009.5 CUIC
B. Undergraduate level courses	Excluded from January 1, 1997 to December 31, 2001. Section 938.3 (a) CUIC and Section 127 (d) IRC	Excluded from January 1, 1997 to December 31, 2001. Section 938.3 (a) CUIC and Section 127 (d) IRC	Excluded up to \$5,250 per calendar year. Section 13009 (q) CUIC	Not reportable if it is excludable from gross income under Section 127 of the IRC. Section 13009.5 CUIC
Employee Achievement Awards	Exempt if, at the time awarded, it is believed the amount is excludable from gross income under Section 74 (c) of the IRC. Section 938.3 (c) CUIC	Exempt if, at the time awarded, it is believed the amount is excludable from gross income under Section 74 (c) of the IRC. Section 938.3 (c) CUIC	Not subject if, at the time awarded, it is believed the amount is excludable from gross income under Section 74 (c) of the IRC. Section 13009 (q) CUIC	Not reportable if, at the time awarded, it is believed the amount is excludable from gross income under Section 74 (c) of the IRC. Section 13009 (q) CUIC

See page 85 for footnotes.

TYPES OF PAYMENTS

TYPES OF PAYMENT	TREATMENT FOR TAX PURPOSES			
	UNEMPLOYMENT INSURANCE AND EMPLOYMENT TRAINING TAX ¹	DISABILITY INSURANCE	PERSONAL INCOME TAX WITHHOLDING	PERSONAL INCOME TAX WAGES
Fringe Benefits:				
A. Employee use of employer's vehicle for personal use.	Subject Section 926 CUIC	Subject Section 926 CUIC	Subject Section 13009 CUIC	Reportable Section 13009.5 CUIC
B. Employer paid transportation costs, that have no business connection and are not excluded under Section 132 IRC.	Subject Section 926 CUIC	Subject Section 926 CUIC	Subject Section 13009 CUIC	Reportable Section 13009.5 CUIC
C. Employer paid FICA, SDI, or Medicare, or all three. Refer to <i>Information Sheet: Employee FICA/SDI Taxes Paid by Employer</i> (DE 231Q).	Subject Section 926 CUIC	Subject Section 926 CUIC	Subject Section 13009 CUIC	Reportable Section 13009.5 CUIC
D. Employer paid FICA or Medicare, or both for domestic service in private home or agricultural labor. Refer to <i>Information Sheet: Employee FICA/SDI Taxes Paid by Employer</i> (DE 231Q).	Exempt Section 935 CUIC	Exempt Section 935 CUIC	Not subject ² Section 13009 (a) and (b) CUIC	Reportable Section 13009.5 CUIC
E. Benefits excluded from federal income tax under Section 132 IRC (i.e., services supplied to employees at no additional cost to the employer, discounts, parking, bus passes, athletic facilities, free coffee, moving expenses, etc.).	Exempt Section 938.3 (c) CUIC	Exempt Section 938.3 (c) CUIC	Not subject Section 13009 (q) CUIC	Not reportable Section 13009.5 CUIC
Golden State Scholarshare Trust Payments as defined in Section 17140 of the Revenue and Taxation Code (R&TC).				
A. Contribution to trust by participant	Not subject Section 926 CUIC	Not subject Section 926 CUIC	Not subject Section 13009 (q) CUIC	Not reportable Section 13009.5 CUIC
B. Contribution to trust by participant's employer	Subject Section 926 CUIC and Section 17140 (c) (2) Revenue & Taxation Code	Subject Section 926 CUIC and Section 17140 (c) (2) Revenue & Taxation Code	Subject Section 13009 CUIC	Reportable Section 13009.5 CUIC
C. Distribution from trust to school for educational expenses	Not subject Section 926 CUIC	Not subject Section 926 CUIC	Not subject Section 13009 (q) CUIC	Not reportable Section 13009.5 CUIC
D. Distribution from trust to participant of amount in excess of educational expenses	Not subject Section 926 CUIC	Not subject Section 926 CUIC	Not subject Section 13009 (q) CUIC	Not reportable Section 13009.5 CUIC
Group Legal Service	Subject Section 926 CUIC and Section 120 IRC	Subject Section 926 CUIC and Section 120 IRC	Subject Section 13004 CUIC	Reportable Section 13009.5 CUIC
Health Plans Employer provided coverage under accident or health plans or medical expense reimbursements.	Exempt Section 931 CUIC	Exempt Section 931 CUIC	Not subject (subject for 2% shareholder- employees of S corporations). Section 13009 (q) CUIC	Not reportable (reportable for 2% share-holder- employees of S corporations). Section 13009.5 CUIC
Life Insurance Premiums Paid on Behalf of Employees	Exempt Section 931 (c) CUIC	Exempt Section 931 (c) CUIC	Not subject if group-term life insurance. Section 13009 (l) CUIC	Reportable if face-value of group-term life insurance exceeds \$50,000. Section 13009.5 CUIC

See page 85 for footnotes.

TYPES OF PAYMENTS

TYPES OF PAYMENT	TREATMENT FOR TAX PURPOSES			
	UNEMPLOYMENT INSURANCE AND EMPLOYMENT TRAINING TAX ¹	DISABILITY INSURANCE	PERSONAL INCOME TAX WITHHOLDING	PERSONAL INCOME TAX WAGES
Lodging	Subject Section 926 CUIC and Section 926-3, 926-4 and 926-5 Title 22	Subject Section 926 CUIC and Section 926-3, 926-4 and 926-5 Title 22	Subject unless furnished on employer's premises, for the employer's convenience, and as a condition of employment. Section 4309-1 (b) (9) Title 22	Reportable unless furnished on employer's premises, for the employer's convenience, and as a condition of employment. Section 13009.5 CUIC
Meals	Subject Section 926 CUIC and Section 926-3, 926-4 and 926-5 Title 22	Subject Section 926 CUIC and Section 926-3, 926-4 and 926-5 Title 22	Subject unless furnished for employer's convenience and on employer's premises. Section 4309 (b) (9) Title 22	Reportable unless furnished for employer's convenience and on employer's premises. Section 13009.5 CUIC
Moving Expenses: A. Qualified expenses.	Exempt if you reasonably believe expenses are deductible by the employee under Section 217 IRC. Section 937 CUIC	Exempt if you reasonably believe expenses are deductible by the employee under Section 217 IRC. Section 937 CUIC	Not subject - Beginning January 1, 1996, qualified moving expenses are not subject to PIT withholding. Refer to Section 217 IRC. Section 13009 (m) CUIC	Not reportable - Beginning January 1, 1996, qualified moving expenses are not subject to PIT wages. Refer to Section 217 IRC. Section 13009.5 CUIC
	B. Non-qualified expenses.	Subject Section 926 CUIC	Subject Section 13009 CUIC	Reportable Section 13009.5 CUIC
Noncash Payments: Refer to "Lodging" and "Meals" sections in this table. A. Household employees.	Refer to <i>Household Employers' Guide</i> (DE 8829) or <i>Information Sheet: Household Employment</i> (DE 231L). Section 926-3 Title 22	Refer to <i>Household Employers' Guide</i> (DE 8829) or <i>Information Sheet: Household Employment</i> (DE 231L). Section 926-3 Title 22	Not subject ² Section 13009 (b) CUIC	Not reportable ² Refer to <i>Information Sheet Personal Income Tax Wages Reported on the Quarterly Report of Wages and Withholdings for Employers of Household Workers</i> (DE 231PH) Section 13009.5 CUIC
	B. Service not in the course of employer's trade or business.	Not subject Section 640 CUIC	Not subject Section 13009 (c) CUIC	Not reportable Section 13009.5 CUIC
Payments to Employees Covered by the Railroad Retirement Tax Act and Railroad Unemployment Insurance Act.	Exempt Section 635 CUIC	Exempt Section 635 CUIC	Subject Section 4304-1 Title 22	Reportable Section 13009.5 CUIC

See page 85 for footnotes.

TYPES OF PAYMENT	TREATMENT FOR TAX PURPOSES			
	UNEMPLOYMENT INSURANCE AND EMPLOYMENT TRAINING TAX ¹	DISABILITY INSURANCE	PERSONAL INCOME TAX WITHHOLDING	PERSONAL INCOME TAX WAGES
Retirement and Pension Plans:				
A. Payments from a qualified plan ³ . Refer to <i>Information Sheet: Withholding from Pensions, Annuities, and Certain Other Deferred Income</i> (DE 231P).	Exempt Section 934 CUIIC	Exempt Section 934 CUIIC	Subject if employee is a California resident, unless recipient elects an exemption from withholding on form W-4P. Section 13028 CUIIC	Not reportable Section 13009.5 CUIIC
B. Employee contributions to a qualified cash or deferred compensation plan as defined in Section 401(k) IRC.	Subject Section 928.5 (a) CUIIC	Subject Section 928.5 (a) CUIIC	Not subject if payments are not includable in gross income for California income tax purposes. Section 13009 (i) (5) CUIIC	Not reportable if payments are not includable in gross income for California income tax purposes. Section 13009.5 CUIIC
C. Employer contributions to a qualified cash or deferred compensation plan as defined in Section 401(k) IRC.	Exempt unless the contributions result from a salary reduction agreement. Section 934 CUIIC	Exempt unless the contributions result from a salary reduction agreement. Section 934 CUIIC	Not subject if payments are not includable in gross income for California income tax purposes. Section 13009 (q) CUIIC	Not reportable if payments are not includable in gross income for California income tax purposes. Section 13009.5 CUIIC
D. Employer contributions to a Simplified Employee Plan-Individual Retirement Arrangement (SEP-IRA) as defined in Section 408(k) IRC.	Exempt unless the contributions result from a salary reduction agreement. Section 934 (c) CUIIC	Exempt unless the contributions result from a salary reduction agreement. Section 934 (c) CUIIC	Not subject if payments are not includable in gross income for California income tax purposes. Section 13009 (q) CUIIC	Not reportable if payments are not includable in gross income for California income tax purposes. Section 13009.5 CUIIC
E. Employer contributions to a Savings Incentive Match Plans for Employees of Small Employers Individual Retirement Account (SIMPLE IRA) as defined in Section 408(p) IRC.	Exempt unless the contributions result from a salary reduction agreement. Section 934 (d) CUIIC	Exempt unless the contributions result from a salary reduction agreement. Section 934 (d) CUIIC	Not subject if payments are not includable in gross income for California income tax purposes. Section 13009 (q) CUIIC	Not reportable if payments are not includable in gross income for California income tax purposes. Section 13009.5 CUIIC
F. Employer contributions to a qualified annuity contract as defined in Section 403(a) of the IRC (applies to Section 501(c)(3) IRC organizations and public school employees).	Exempt Section 934 (b) CUIIC	Exempt Section 934 (b) CUIIC	Not subject Section 13009 (q) CUIIC	Not reportable Section 13009.5 CUIIC
G. Employer contributions to a qualified annuity contract defined in Section 403(b) of the IRC (applies to Section 501(c)(3) IRC organizations and public school employers).	Exempt unless the contributions result from a salary reduction agreement. Section 934 (e) CUIIC	Exempt unless the contributions result from a salary reduction agreement. Section 934 (e) CUIIC	Not subject Section 13009 (q) CUIIC	Not reportable Section 13009.5 CUIIC
H. Employer contributions under an exempt governmental deferred compensation plan as defined in Section 3121(v)(3) IRC.	Exempt Section 934 (e) CUIIC	Exempt Section 934 (e) CUIIC	Not subject Section 13009 (q) CUIIC	Not reportable Section 13009.5 CUIIC

See page 85 for footnotes.

TYPES OF PAYMENTS

TYPES OF PAYMENT	TREATMENT FOR TAX PURPOSES			
	UNEMPLOYMENT INSURANCE AND EMPLOYMENT TRAINING TAX ¹	DISABILITY INSURANCE	PERSONAL INCOME TAX WITHHOLDING	PERSONAL INCOME TAX WAGES
I. Employer contributions to certain nonqualified deferred compensation plans.	Subject at the time services are performed, or when there is no substantial risk of a forfeiture of the right to the amount, whichever is later. Section 926 CUIC	Subject at the time services are performed, or when there is no substantial risk of a forfeiture of the right to the amount, whichever is later. Section 926 CUIC	Subject Section 13009 CUIC	Reportable Section 13009.5 CUIC
J. Payments upon death or retirement for disability, to employee or his or her dependent made under a plan providing for employees or a class or classes of his or her employees.	Exempt Section 938 CUIC	Exempt Section 938 CUIC	Not subject Section 13009 (q) CUIC	Not reportable Section 13009.5 CUIC
Salary Advances	Subject Section 926 CUIC	Subject Section 926 CUIC	Subject Section 13009 CUIC	Reportable Section 13009.5 CUIC
Scholarship Payments, Fellowship Grants, or Tuition Reductions.	Exempt if it is reasonable to believe that the benefit is excludable from gross income under Section 117 IRC. Section 938.3 (c) CUIC	Exempt if it is reasonable to believe that the benefit is excludable from gross income under Section 117 IRC. Section 938.3 (c) CUIC	Not subject if it is reasonable to believe that the benefit is excludable from gross income under Section 117 IRC. Section 13009 (q) CUIC	Not reportable if it is reasonable to believe that the benefit is excludable from gross income under Section 117 IRC. Section 13009.5 CUIC
Sickness or Injury Payment Under:				
A. Workers' Compensation law.	Exempt Section 931 (a) CUIC	Exempt Section 931 (a) CUIC	Not subject Section 13009 (q) CUIC	Not reportable Section 13009.5 CUIC
B. Employer plans and contracts of insurance.	Exempt after the end of six calendar months after the calendar month employee last worked for employer. Section 933 CUIC	Exempt after the end of six calendar months after the calendar month employee last worked for employer. Section 933 CUIC	Subject to the extent the payments into the plan were made by the employer and were not included in the gross taxable income of the employee. Section 13009 CUIC	Reportable to the extent the payments into the plan were made by the employer and were not included in the gross taxable income of the employee. Section 13009.5 CUIC
C. Sick pay while employed.	Subject Section 931 CUIC	Subject Section 931 CUIC	Subject Section 13009 CUIC	Reportable Section 13009.5 CUIC
D. A plan entirely funded by employees.	Exempt Section 926 CUIC	Exempt Section 926 CUIC	Not subject Section 13009 (q) CUIC	Not reportable Section 13009.5 CUIC

See page 85 for footnotes.

TYPES OF PAYMENT	TREATMENT FOR TAX PURPOSES			
	UNEMPLOYMENT INSURANCE AND EMPLOYMENT TRAINING TAX ¹	DISABILITY INSURANCE	PERSONAL INCOME TAX WITHHOLDING	PERSONAL INCOME TAX WAGES
Sick Pay Paid by Third Party Payers: Sick pay paid by a third-party payer, such as insurance companies and trusts. Reporting is the responsibility of the last employer if timely notified by the payer. Refer to <i>Information Sheet: Third-Party Sick Pay</i> (DE 231R). A. Third-party payer notifies the recipient's last employer within 15 days after payment. B. Third-party payer <u>does not</u> notify the recipient's last employer within 15 days after payment. Third-party payer is responsible for reporting UI, ETT, any voluntary PIT withholding, and PIT wages. C. Sick pay paid after the end of six calendar months after the calendar month the employee last worked for the employer and notifying the recipient's last employer within 15 days after payment. D. Sick pay paid after the end of six calendar months after the calendar month the employee last worked for the employer and the third-party payer does not notify the recipient's last employer within 15 days after payment.	Subject - recipient's <u>employer</u> is responsible for reporting UI and ETT. Section 931.5 CUIIC	Exempt Section 931.5 CUIIC	Subject if employee requests withholding by filing form DE 4S with the <u>third-party</u> who is responsible for reporting PIT withholding. Section 931.5 and 13028.6 (c) CUIIC	Reportable – recipients <u>employer</u> is responsible for reporting PIT wages. Section 13009.5 (a) (3) (A) CUIIC
	Subject – third-party payer is responsible for reporting UI and ETT. Section 931.5 CUIIC	Exempt from employer and third-party payer. Section 931.5 CUIIC	Subject if employee requests withholding by filing form DE 4S with the third-party payer. Section 931.5 and 13028.6 (c) CUIIC	Reportable – <u>third-party payer</u> is responsible for reporting PIT wages. Section 13009.5 (a) (3) (B) CUIIC
	Exempt from employer and third-party payer. Section 933 CUIIC	Exempt from employer and third-party payer. Section 933 CUIIC	Subject if employee requests withholding by filing form DE 4S with the third-party who is responsible for reporting PIT withholding. Section 13009 CUIIC	Reportable - recipient's employer is responsible for reporting PIT wages. Section 13009.5 (a) (3) (A) CUIIC
	Exempt from employer and third-party payer. Section 933 CUIIC	Exempt from employer and third-party payer. Section 933 CUIIC	Subject if employee requests withholding by filing form DE 4S with the third-party payer. Section 13009 CUIIC	Reportable - third-party payer is responsible for reporting PIT wages. Section 13009.5 (a) (3) (B) CUIIC
	Exempt Section 1265 CUIIC	Exempt Section 1265 CUIIC	Subject Section 4309-1 (b) (4) Title 22	Reportable Section 13009.5 CUIIC
Supplemental Unemployment Compensation Plan Benefits Paid under an employer's plan.	Exempt Section 1265 CUIIC	Exempt Section 1265 CUIIC	Subject Section 4309-1 (b) (4) Title 22	Reportable Section 13009.5 CUIIC

See page 85 for footnotes.

TYPES OF PAYMENTS

TYPES OF PAYMENT	TREATMENT FOR TAX PURPOSES			
	UNEMPLOYMENT INSURANCE AND EMPLOYMENT TRAINING TAX ¹	DISABILITY INSURANCE	PERSONAL INCOME TAX WITHHOLDING	PERSONAL INCOME TAX WAGES
Tips: Refer to <i>Information Sheet: Tips</i> (DE 231T). A. Cash tips which are received by the employee while performing services in employment and which are included in a written statement furnished to the employer. B. Employer controlled tips, such as banquet tips, that are received by the employee from the employer while performing services in employment. C. Noncash tips.	Subject if \$20 or more in a month. Section 927 CUIC and Section 927-1 Title 22 Subject Section 926 CUIC Exempt Section 3121 (a) (12) (A) IRC	Subject if \$20 or more in a month. Section 927 CUIC and Section 927-1 Title 22 Subject Section 926 CUIC Exempt Section 3121 (a) (12) (A) IRC	Subject if \$20 or more in a month. Section 13009 and 13009 (n) (2) CUIC Subject Section 13009 CUIC Not subject Section 13009 (n) (1) CUIC	Reportable if \$20 or more in a month. Section 13009.5 CUIC Reportable Section 13009.5 CUIC Not reportable Section 13009.5 CUIC
Vacation Pay, Sick Pay and Holiday Pay Only when earned but not paid prior to termination of employment due to a voluntary quit, discharge, or layoff due to lack of work with no specific date to return to work.	Exempt Section 1265.5, 1265.6 and 1265.7 CUIC	Exempt Section 1265.5, 1265.6 and 1265.7 CUIC	Subject Section 13009 CUIC	Reportable Section 13009.5 CUIC
Wage Limit: Maximum of taxable wages paid each employee by same employer in same calendar year.	\$7,000 Limit of new owner is reduced by amount of wages paid by predecessor to same employee. Wages paid by other employers are not counted toward the taxable limit. Wage limits are subject to change on an annual basis. Section 930 CUIC	\$46,327 Limit of new owner is reduced by amount of wages paid by predecessor to same employee. Wages paid by other employers are not counted toward the taxable limit. Wage limits are subject to change on an annual basis. Section 985 CUIC	Unlimited Section 13020 CUIC	Unlimited Section 13009.5 CUIC
Workers' Compensation	Exempt Section 931 CUIC	Exempt Section 931 CUIC	Not subject Section 13009 (q)	Not reportable Section 13009.5 CUIC

¹ Employers who have elected the "benefit cost reimbursable method" of financing Unemployment Insurance contributions or who have a negative reserve account balance are not required to contribute to the Employment Training Tax fund.

² Subject if employer and employee voluntarily agree to withhold personal income tax.

³ Pension, annuity, and other deferred income distributions reported on Form 1099R.

CALIFORNIA WITHHOLDING SCHEDULES FOR 2000

Method A and Method B

To review these schedules, please refer to the following Web pages:

Method A – Wage Bracket Table Method: <http://www.edd.cahwnet.gov/00metha.pdf>

Method B – Exact Calculation Method: <http://www.edd.cahwnet.gov/00methb.pdf>

If you have any questions about the operation/programming of Method B for computer software, you may contact:

**Franchise Tax Board
Statistical Research Section
P.O. Box 94280
Sacramento, CA 94240**

Note: For married employees with employed spouses, we recommend that either: single filing status be used to compute withholding amounts for the spouse who earns more income; or additional flat amounts be withheld to avoid underwithholding of personal income tax.

GLOSSARY

ACCOUNT NUMBER	The eight-digit number assigned to each registered employer (e.g., 111-1111-1). Always refer to your account number when communicating with the Department. Omission of your account number may result in delays in processing payments, reporting documents, and correspondence.
AUTOMATED CLEARING HOUSE (ACH)	Any entity that operates as a clearing house for electronic debit or credit entities pursuant to an agreement with an association that is a member of the National ACH Association.
BASE PERIOD	A 12-month period beginning five to six quarters prior to the filing of a UI or SDI claim. The base period is determined by the effective date of the UI or SDI claim.
BASE WAGE DATA FILE	Employee wages reported by employers are stored in this computer data base. The information is used to determine employee UI and SDI benefits.
CALIFORNIA UNEMPLOYMENT INSURANCE CODE (CUIC)	The laws administering California's UI, ETT, SDI, and PIT programs.
CHARGES	Amounts deducted from an employer's reserve account or amounts reimbursable for State UI benefits paid to former employees.
CLAIM	An application for UI benefits or SDI benefits. <ul style="list-style-type: none"> • SDI – The application that establishes an SDI benefit period is called a first claim. Subsequent certifications on that claim are called continued claims. For each separate period of disability, a new (first) claim must be filed. • UI – The application that establishes a UI benefit year is called a new claim. Weekly certifications for benefits during the benefit year are called continued claims. When payment of continued claims is interrupted during the benefit year (because a claimant returned to work, or withdrew from the labor market for a time), the renewal is called additional claiming or reopened claim.
CLAIMANT	A wage-earner who files a claim for UI benefits or SDI benefits.
CONTRIBUTIONS	The CUIC refers to taxes under its provision as "contributions." In this guide, "contributions" are generally referred to as "taxes."
DEPARTMENT	Employment Development Department.
DEPOSIT	An amount of money sent to EDD with a <i>Payroll Tax Deposit</i> (DE 88) coupon for UI, ETT, SDI, and PIT. For more information, please refer to page 34.
DETERMINATION	A decision that a claimant is or is not eligible to receive UI benefits or SDI benefits.
DISABILITY INSURANCE	Benefits paid to California workers who are unable to work due to an injury or illness not related to their job. Disability insurance, generally referred to as State disability insurance (SDI), is funded by taxes withheld from the employee's wages.
DOMESTIC SERVICES	Also known as "household services," describes "employment of a household nature."
ELECTRONIC DATA INTERCHANGE (EDI)	A computer to computer exchange of information that allows employers to file their <i>Quarterly Wage and Withholding Report</i> (DE 6) electronically.
ELECTRONIC FUNDS TRANSFER (EFT)	Term that identifies the type of systems used to transfer payments or funds electronically. EFT refers to any transfer of funds (other than a transaction originated by check, draft, or similar paper instrument) that is initiated through an electronic terminal, telephone, or other type of telephonic instrument, computer, or magnetic tape. The initiation orders, instructs, or authorizes a financial institution to debit or credit an account.
EMPLOYEE	A wage-earner in employment covered by the CUIC.
EMPLOYMENT PAYROLL TAXES	California personal income tax and State disability insurance withholdings, and unemployment insurance and employment training taxes.
EMPLOYER NOTICES	Forms mailed to notify the employer of matters affecting the employer's account.

GLOSSARY (cont.)

EMPLOYMENT TRAINING FUND	Provides employers with training funds to train UI claimants, individuals who have exhausted their UI benefits, and potentially displaced workers who would otherwise become UI claimants with specific skills for career advancements and for jobs that have career potential and long-term security.
EMPLOYMENT TRAINING PANEL	Administers training funds, provided by the ETT, to train, place and retain workers with skills needed by employers. Funds may be used to train and place unemployed individuals or to train and retain current workers who need to strengthen their skills for today's workplace.
EXEMPT EMPLOYMENT	Employment specifically excluded from coverage under the CUIC.
EXPERIENCE RATING	The system by which an employer's UI contribution rate is determined each calendar year based on previous employment experience.
GOOD CAUSE	Circumstances that occur, usually outside the employer's control (for example, floods, earthquake, etc.). When good cause exists, the Department will extend the filing date for forms.
HOUSEHOLD EMPLOYMENT	Also known as "domestic service," describes "employment of a household nature."
INITIATION DATE	The date an EFT filer instructs either a financial institution or the State's data collector to process the transfer of funds. It is completed via telephone or personal computer.
MAGNETIC MEDIA	Various types of software used to magnetically report wages, withholdings, and/or new employee registry information. This may include 9-track magnetic media standard ½- inch reels, IBM-compatible 3480/3490 tape cartridges, or 3 ½- or 5 ¼- inch diskettes.
NEW EMPLOYEE REGISTRY	A report of new employees that employers are required to report within 20 days of the start-of-work date (refer to "New Employee Registry" on page 27 for additional information).
NEW EMPLOYER	California employers are considered new employers for up to three tax years after registering with EDD. During this period, these employers have a UI tax rate of 3.4 percent (.034). New employers also pay ETT, SDI, and PIT withholding.
PERSONAL INCOME TAX PIT WAGES	All wages paid during the period that are subject to California personal income tax (PIT), even if they are not subject to PIT withholding. PIT wages consist of all compensation for service by an employee for his or her employer and include, but are not limited to: salaries, fees, bonuses, commissions, and payments in forms other than cash or checks. Wages in any form other than cash or checks are measured by the fair market value of the goods, lodging, meals, or other compensation given in payment for the employee's services. The calendar year total for PIT wages should agree with the amount reported on an individual's <i>Wage and Tax Statement</i> , (W-2), in Box 17 (State Wages, Tips, etc.).
PREDECESSOR	A previous owner, registered as a subject employer.
PREPAYMENTS (UI AND ETT)	Taxes that are not due until the end of a quarter, that an employer voluntarily sends to the Department during a quarter for UI and ETT.
REIMBURSABLE EMPLOYER	A nonprofit employer who is permitted by the CUIC to be billed for UI benefits after they are paid to former employees. This employer cannot receive a ruling relieving him or her of UI benefit charges.
RESERVE ACCOUNT	A book account kept for each tax rated employer to measure employment experience and set the unemployment insurance contribution rate.
RULING ON BENEFIT CLAIM	For tax rated employers, a ruling is the Department's decision regarding whether or not an employer's reserve account will be charged for UI benefits. The ruling is based on the reason for separation.

GLOSSARY (cont.)

RULING ON TAX QUESTION	A decision, in writing, as to an employer's subject status or tax liability in the stated circumstances.
S CORPORATION	A qualified corporation that chooses to be generally exempt from federal income tax. Its shareholders must include in their income their share of the corporation's separately stated items of income, deduction, loss and credit, and their share of nonseparately stated income or loss.
SETTLEMENT DATE	The date an exchange of funds with respect to an entry is reflected on the books of the Federal Reserve Bank; and the State's bank account.
SOCIAL SECURITY NUMBER (SSN)	All employee wage records and claim actions are filed under this number, rather than by name. Also known as social security account number.
STATE	State of California.
STATE DISABILITY INSURANCE (SDI)	Benefits paid to California workers who are unable to work due to an injury or illness not related to their job. SDI is funded by taxes withheld from employee's wages.
SUBJECT EMPLOYER	An employer who is liable under the rules and regulations of the CUIC.
SUBJECT QUARTER	Calendar quarter when an employer first meets the requirements for reporting their payroll taxes.
SUBJECT WAGES	Subject wages are used to determine UI and SDI benefits. Generally, all wages are considered subject wages regardless of the \$7,000 UI and \$46,327 SDI taxable wage limits. For special classes of employment and payments that may not be considered subject wages, refer to the Appendix, "Types of Employment," beginning on page 69, and "Types of Payments," beginning on page 78.
SUCCESSOR	A change in ownership, or a new ownership, of a business already registered as an employer. A new registration is required for either.
TAXABLE WAGE LIMITS	The taxable wage limit for UI and ETT is \$7,000 per employee per year. The taxable wage limit for SDI is \$46,327 per employee per year.
TAX RATED EMPLOYER	An employer who is required by the CUIC to register with EDD and pay UI taxes each year on the first \$7,000 of wages paid to each of their employees.
TAXABLE WAGES	Compensation paid for "covered employment" up to the taxable wage limits for the year. Compensation includes wages and allowances such as meals, lodging, and other payments in lieu of money for services rendered in employment. California PIT treatment may differ.
TAX TELEFILE SYSTEM	An Interactive Voice Recognition system designed especially for household employers and other employers with a small number of employees. Employers or their agents can use Tax Telefile to report and pay payroll taxes electronically by telephone.
UNEMPLOYMENT INSURANCE (UI)	Benefits paid to California workers who are unemployed. Recipients must meet the qualifications for benefits as outlined by the CUIC.
UI AND ETT PREPAYMENT	Taxes that are not due until the end of a quarter, that an employer voluntarily sends to the Department during a quarter for UI and ETT.
VOLUNTARY DI PLAN	Disability insurance provided by a private plan rather than under the State Plan.

GLOSSARY (cont.)

VOLUNTARY UI PAYMENTS	Under a program established by the California State Legislature, qualified employers are permitted to make a payment to their UI reserve account to reduce their UI tax rate. This program is in effect when the UI rate schedule is AA through D. An employer who chooses to participate in this program cannot receive a refund of money paid even if the amount does not result in a reduction of the employer's UI tax rate.
WAGE DETAIL	<i>Quarterly Wage and Withholding Report</i> (DE 6) must be filed each quarter listing employee(s), earnings, PIT wages and PIT withholding.
WARN ACT	Worker Adjustment and Retraining Notification Act (WARN) Public Law 100-379, enacted August 4, 1988, requires employers with 100 or more employees to give sixty (60) days advance notice in the event of a plant closure or mass layoff.

INDEX

TOPIC	PAGE #
ADJUSTMENTS	46
ALTERNATE FILING OPTIONS	30
ANNUAL RECONCILIATION STATEMENT (DE 7):	
Common Errors	45
Correcting Errors	45
Due Dates.....	44
Lost Forms.....	45
Ordering Forms	7, 126
APPEAL RIGHTS:	
Tax Rates	49
Unemployment Insurance (UI) Claims.....	55
BENEFIT AUDITS.....	56
BENEFITS:	
State Disability Insurance (SDI).....	58
Unemployment Insurance (UI).....	51
BILLINGS:	
Reimbursable UI Method.....	48
Employer Account Statement (DE 2176).....	47
BRANCH CODE REPORTING	43
CLAIM NOTICES:	
<i>Notice of Claim Filed</i> (DE 1101C/Z)	53
<i>Notice of Wages Used for Unemployment Insurance (UI) Claim</i> (DE 1545).....	53
<i>Notice of State Disability Claim Filed</i> (DE 2503)	58
CLOSING BUSINESS.....	21, 22
CORRECTION OF REPORTS.....	46
COST OF BENEFITS METHOD	48
DEPOSITS:	
Delinquent Deposits	40
Deposit Due.....	35
Deposit Requirements	34
Electronic Funds Transfer (EFT)	30, 34, 36

INDEX (cont.)

TOPIC	PAGE #
DISABILITY INSURANCE:	
Self-Employed Disability Insurance (for employers)	59
State Disability Insurance (SDI)	58
Voluntary Plan Disability Insurance (for employees)	59
DISCHARGE	25
DOMESTIC EMPLOYERS: SEE HOUSEHOLD EMPLOYMENT	17
ELECTIVE COVERAGE (Disability Insurance)	59
ELECTRONIC DATA INTERCHANGE (EDI)	31
ELECTRONIC FUNDS TRANSFER (EFT):	
Definition	30
Filing Information	30
Mandatory Participation	30
Payment Options	30
EMPLOYEE: DEFINITION	18
EMPLOYEE RIGHTS NOTICES	25
EMPLOYEE OR INDEPENDENT CONTRACTOR	18
EMPLOYER:	
Definition	17
How to Register	20
When Do You Become Subject	19
EMPLOYER NOTICES:	
<i>Notice of Claim Filed (DE 1101C/Z)</i>	53
<i>Notice of Wages Used for Unemployment Insurance (UI) Claim (DE 1545)</i>	53
<i>Notice of Determination/Ruling (DE 1080CT)</i>	54
<i>Notice of Modification (DE 1080M)</i>	54
<i>Notice of State Disability Claim Filed (DE 2503)</i>	58
EMPLOYER OBLIGATIONS FOR DE 4 OR W-4	61
EMPLOYER UI CONTRIBUTION RATES	49
EMPLOYMENT SERVICES	66, 67, 68
EMPLOYMENT (TYPES OF TABLE)	69
EMPLOYMENT TRAINING PANEL	66
EMPLOYMENT TRAINING TAX (ETT)	12, 66
ENTITY CHANGE	21
ESCROW CLEARANCE	22
EXPERIENCE RATING	48
FALSE STATEMENT PENALTY	54
FIRING AN EMPLOYEE	25
FORMS:	
Alternate Filing Options	30
Corrections to Forms	46
Delinquent Forms	40, 43, 45, 47
Forms and Publications	7
Informal Reports	7
Lost Forms	7
Mailing Information	7
Ordering Forms	7, 33, 126
Samples	33, 42, 44

INDEX (cont.)

TOPIC	PAGE #
FRANCHISE TAX BOARD (FTB):	
Correcting Personal Income Tax (PIT) Reporting Errors	41
Personal Income Tax (PIT)	60
Tax Tables	86
HOUSEHOLD EMPLOYMENT (DOMESTIC EMPLOYMENT)	17, 72
INCOME:	
Deferred Compensation (Retirement and Pension Plan)	82
INCOME TAX:	
Personal Income Tax Withholding (PIT) Tables	86
INDEPENDENT CONTRACTOR OR EMPLOYEE	18
LAYOFF	25, 26
Rapid Response Team	27
Worker Adjustment and Retraining Notification Act (WARN ACT)	26
Written Notice Requirements	25, 26
LEASING AGENCY EMPLOYERS	77
LEAVE OF ABSENCE	25, 26
LIMITED LIABILITY COMPANY (LLC)	19
LODGING	81
MAGNETIC MEDIA	32
MARITAL STATUS FOR PERSONAL INCOME TAX (PIT) REPORTING	60
MEALS	81
NEW EMPLOYEE REGISTRY (NER)	27
NEW EMPLOYER ETT RATE	66
NEW EMPLOYER UI TAX RATE	48
NONRESIDENT EMPLOYEES	73
NOTICE OF CLAIM FILED (DE 1101C/Z)	53
NOTICE OF STATE DISABILITY CLAIM FILED (DE 2503)	58
NOTICE OF WAGES USED FOR UNEMPLOYMENT INSURANCE (UI) CLAIM (DE 1545)	53
NOTICES FOR EMPLOYEES	25
OBTAINING AN EMPLOYER ACCOUNT NUMBER	20
OFFICE OF THE TAXPAYER RIGHTS ADVOCATE	11
ORDERING EDD REPORTING FORMS	33, 42, 44, 127
OVERPAYMENTS	
Correcting Prior DE 7	45
Correcting Prior DE 88	40
Tax and Wage Adjustments Form (Refunds)	46
Unemployment Insurance Benefits Audits	56
PAYMENTS (TYPES OF PAYMENTS TABLE)	78
PERSONAL INCOME TAX (PIT)	
Correcting Reporting Errors	41
Marital Status	60
Tax Tables	86
Withholding	60

INDEX (cont.)

TOPIC	PAGE #
PIT WAGES	23
PLANT CLOSURES.....	26
PROBLEM RESOLUTION OFFICE (TAX).....	11
PROTESTS:	
<i>Notice of Claim Filed</i> (DE 1101C/Z)	53
<i>Notice of Contribution Rates and Statement of Reserve Account</i> (DE 2088).....	49
<i>Notice of State Disability Claim Filed</i> (DE 2503)	58
<i>Notice of Wages Used for Unemployment Insurance (UI) Claim</i> (DE 1545)	53
<i>Statement of Charges to Reserve Account</i> (DE 428T)	50
PURCHASE OF A BUSINESS.....	21
QUARTERLY WAGE AND WITHHOLDING REPORT (DE 6):	
Correcting Errors	43
Delinquent Forms	43
Due Dates.....	43
Lost Forms.....	43
Ordering Forms	7, 126
QUARTERLY PERSONAL INCOME TAX ESTIMATED PAYMENTS	63
QUITTING BUSINESS.....	22
RATE NOTICE:	
UI Tax Rates.....	48
Experience Rating	48
RECORD KEEPING.....	28
REGISTRATION FOR EMPLOYER ACCOUNT NUMBER:	
When Do You Become a Subject Employer	19
How to Register	20
REIMBURSABLE METHOD OF FINANCING UNEMPLOYMENT INSURANCE (UI).....	48
RESERVE ACCOUNT:	
Charges	50
Experience Rating	48
<i>Notice of Contribution Rates and Statement of Reserve Account</i> (DE 2088).....	49
Reserve Account Transfers (Successor Employers)	49
RETIREMENT PENSIONS	82
RULINGS:	
<i>Notice of Claim Filed</i> (DE 1101C/Z)	53, 54
<i>Notice of Wages Used for Unemployment Insurance (UI) Claim</i> (DE 1545)	53, 54
SALE OF A BUSINESS	21
SCHEDULE OF EMPLOYER REQUIREMENTS.....	13
SOLE SHAREHOLDER - CORPORATE OFFICER.....	19, 74
STATE DISABILITY INSURANCE (SDI):	
Benefits.....	58
Elective Coverage	59
Employer Responsibilities	58
Voluntary DI Plan.....	59
Who Pays	58
STRIKES.....	52
SUBJECT WAGES	23

INDEX (cont.)

TOPIC	PAGE #
SUCCESSOR EMPLOYER.....	21
SUPPLEMENTAL WAGE PAYMENTS:.....	62
TAX DEPOSITS:	
Delinquent Deposits	34, 40
Deposit Requirements	34
Electronic Funds Transfer (EFT)	30, 36
TAX RATES:	
Experience Rating	48
Tips for Reducing UI Rates	51
<i>Notice of Contribution Rates and Statement of UI Reserve Account (DE 2088)</i>	49
TAXES:	
Withholding Exemptions and Allowances	60, 86
Who Is Subject	19
Who Must Report.....	17
TAXPAYER RIGHTS ADVOCATE.....	11
TAX TELEFILE SYSTEM.....	30
TERMINATION	25
TIPS FOR REDUCING UI TAX RATES.....	51
TRADE DISPUTES.....	52
TRANSFER OF A BUSINESS, SUCCESSOR EMPLOYER	21, 49
UNEMPLOYMENT INSURANCE(UI):	
Benefits.....	51
Tax Rate	48
Employer Responsibilities	53
VACATION PAY.....	62, 85
VOLUNTARY DISABILITY INSURANCE PLAN	59
VOLUNTARY UI CONTRIBUTION	50
WAGES SUBJECT TO:	
Employment Training Tax (ETT).....	12, 66
Personal Income Tax (PIT).....	12, 60, 86
State Disability Insurance Tax (SDI).....	12, 58
Supplemental Wages	62
Unemployment Insurance Tax (UI).....	12, 48
WARN ACT	26
WITHHOLDING DEPOSIT:	
Delinquent Deposit	33, 40
Deposit Requirements	34
Electronic Funds Transfer (EFT)	30, 34, 36
Marital Status.....	60
Personal Income Tax (PIT) Tables	86
Types of Employment Table	69
Types of Payments Table	78
WITHHOLDING STATEMENTS:	
<i>Wage and Tax Statement (W-2)</i>	63
<i>Federal Employee's Withholding Allowance Certificate (W-4)</i>	60, 61
<i>California Employee's Withholding Allowance Certificate (DE 4)</i>	60, 61
WORK SHARING PROGRAM	57
WORKERS' COMPENSATION INSURANCE.....	59

REQUISITION FOR EDD FORMS AND PUBLICATIONS

Please see instructions on reverse side before completing this requisition form.

FORMS			
<div>___ DE 1</div> <div>___ DE 1AG</div> <div>___ DE 1GS</div> <div>___ DE 1HW</div> <div>___ DE 1NP</div> <div>___ DE 1P</div> <div>___ DE 3D</div> <div>___ DE 4</div> <div>___ DE 4P</div> <div>___ DE 6</div> <div>___ DE 6</div> <div>___ DE 7</div> <div>___ DE 7</div>	<div>Registration Form for Commercial Employers</div> <div>Registration Form for Agricultural Employers</div> <div>Registration Form for Governmental Organizations & Public Schools</div> <div>Registration Form for Employers of Household Workers</div> <div>Registration Form for Nonprofit Employers</div> <div>Registration Form for Employers Depositing Only Personal Income Tax Withholding</div> <div>Quarterly Contribution Return (Voluntary Plan)</div> <div>Employee's Withholding Allowance Certificate</div> <div>Withholding Certificate for Pension or Annuity Payments</div> <div>Quarterly Wage and Withholding Report</div> <div>Quarterly Wage and Withholding Report (continuous feed)</div> <div>Annual Reconciliation Statement</div> <div>Annual Reconciliation Statement (continuous feed)</div>	<div>___ DE 34</div> <div>___ DE 34</div> <div>___ DE 88 All</div> <div>___ DE 88 All I</div> <div>___ DE 678</div> <div>___ DE 678 I</div> <div>___ DE 938</div> <div>___ DE 1870</div> <div>___ DE 2063</div> <div>___ DE 2063F</div> <div>___ DE 2063 PMA</div>	<div>Report of New Employee(s)</div> <div>Report of New Employee(s) (continuous feed)</div> <div>Payroll Tax Deposit</div> <div>Instructions for Preparing Payroll Tax Deposit (DE 88 All)</div> <div>Tax and Wage Adjustments Form</div> <div>Instructions for Completing the Tax and Wage Adjustments Form</div> <div>Quarterly Adjustment Form</div> <div>Determination of Employment Work Status for Purposes of State of California</div> <div>Employment Taxes and Personal Income Tax Withholding</div> <div>Notice of Reduced Earnings</div> <div>Notice of Reduced Earnings (Fishperson)</div> <div>Notice of Reduced Earnings (Pacific Maritime Association)</div>
GUIDES AND BROCHURES			
<div>___ DE 44</div> <div>___ DE 45</div> <div>___ DE 159</div> <div>___ DE 195</div> <div>___ DE 195/S/</div> <div>___ DE 573</div> <div>___ DE 573/S/</div> <div>___ DE 1378F</div> <div>___ DE 2320</div> <div>___ DE 2320/S</div> <div>___ DE 2323A</div>	<div>California Employer's Guide</div> <div>Completed Form Samples Book</div> <div>Magnetic Media Brochure</div> <div>Employers' Bill of Rights</div> <div>Employers' Bill of Rights (Spanish)</div> <div>Avoid Unplanned Tax Liabilities</div> <div>Avoid Unplanned Tax Liabilities (Spanish)</div> <div>Potential Liability (Reimbursable Employers)</div> <div>For Your Benefit, UI/DI</div> <div>For Your Benefit, UI/DI (Spanish)</div> <div>File Unemployment Claim By Telephone</div>	<div>___ DE 2323A/S/</div> <div>___ DE 2323TTY</div> <div>___ DE 2515</div> <div>___ DE 2515/S/</div> <div>___ DE 2565</div> <div>___ DE 8684</div> <div>___ DE 8714CC</div> <div>___ DE 8829</div>	<div>File Unemployment Claim by Telephone (Spanish)</div> <div>TCF/TTY Brochure (File Unemployment Claim by TTY)</div> <div>State Disability Insurance</div> <div>State Disability Insurance (Spanish)</div> <div>DI Elective Coverage</div> <div>Guide for Work Sharing Employers</div> <div>Disability Elective Coverage Fact Sheet</div> <div>Household Employer's Guide</div>
NOTICES			
<div>___ DE 35</div> <div>___ DE 1257</div>	<div>Notice to Employees Regarding DE 4/W-4</div> <div>Notice to Employees of "Temporary Services" or "Leasing" Employers</div>	<div>___ DE 1857A</div> <div>___ DE 1857A/S/</div>	<div>Notice to Employees</div> <div>Notice to Employees (Spanish)</div>

State of California
Employment Development Department
1733W Sports Drive, Suite B
Sacramento, CA 95834

State of California
Employment Development Department
1733W Sports Drive, Suite B
Sacramento, CA 95834

(PLEASE PRINT OR TYPE)

ATTN:

COMPANY NAME:

STREET

CITY

STATE

ZIP

(PLEASE PRINT OR TYPE)

ATTN:

COMPANY NAME:

STREET

CITY

STATE

ZIP

INSTRUCTIONS FOR ORDERING FORMS AND PUBLICATIONS

You may obtain EDD forms by any of the methods listed below. We suggest that you order no more than a six-month supply since overstocking may result in using obsolete forms.

Telephone: Ordering more than 25 forms - **(916) 322-2835** (24-hour automated system)
Ordering less than 25 forms - Please contact your local Employment Tax Customer Service Office (ETCSO) using the directory on page 1.

Fax: **(916) 928-5910** (fax a copy of this requisition form)

Mail: **Employment Development Department**
1733W Sports Drive, Suite B
Sacramento, CA 95834

A new requisition form will be sent to you with each shipment of forms and/or publications.

Internet address: **www.edd.ca.gov**

EDD's most frequently used forms are available on the Internet.

NOTE: Please indicate the quantity requested on the line preceding the form number if you fax or mail your order form.

The *Payroll Tax Deposit* (DE 88) must be reordered using the form enclosed in your DE 88 booklet. If you have not received a DE 88 booklet, contact your nearest ETCSO.

The *First Claim for Disability Insurance* (DE 2501) must be ordered from your nearest State Disability Insurance Office. Please refer to the directory on page 2.

fold here first

Place Stamp Here

Employment Development Department
1733W Sports Drive, Suite B
Sacramento CA 95834

fold here last

REQUISITION FOR EDD FORMS AND PUBLICATIONS

Please see instructions on the reverse side before completing this requisition form.

TAX BRANCH INFORMATION SHEETS

____ DE 231 Employment	____ DE 231PIT Personal Income Tax Wages Reported on the Quarterly Wage and Withholding Report (DE 6)
____ DE 231A Wages	____ DE 231PS Personal Income Tax Withholding - Supplemental Wage Payments, Moving Expense Reimbursement
____ DE 231AA Amateur Athletic Officials	____ DE 231PT Physical Therapists
____ DE 231B Automotive Repair Industry	____ DE 231Q Social Security/Medicare/SDI Taxes Paid By Employer
____ DE 231C Cosmetologists	____ DE 231R Third-Party Sick Pay
____ DE 231CF Commercial Fishing	____ DE 231SC Specialized Coverage (Elective Coverage for Exempt Workers)
____ DE 231D Multi-State Employment	____ DE 231SE Statutory Employees (Agent/Commission Drivers, Traveling/City Salespersons, Construction Workers, Homeworkers, Artists, and Authors)
____ DE 231E Restaurant and Hotel Industry	____ DE 231SEF Employment for the School Employees Fund Settlements Program
____ DE 231EB Taxability of Employee Benefits	____ DE 231SP Tips
____ DE 231EC Elective Coverage for Employers and Self-Employed Individuals	____ DE 231T Employment Tax Audit Process
____ DE 231EE Exempt Employment	____ DE 231TA Taxicab Industry
____ DE 231ES Employment Work Status Determination	____ DE 231TC Telemarketing
____ DE231ETC Employment Tax Consulting	____ DE 231TM Tour Operator Industry
____ DE 231F Temporary Services and Employee Leasing Industries	____ DE 231TR Election Campaign Workers
____ DE 231FE Foreign Employment and Employment on American Vessels or Aircraft	____ DE 231V How to Reduce Your Personal Income Tax Liability
____ DE 231G Construction Industry	____ DE 231W Reporting New Employee Hiring
____ DE 231H Manufacturing Industry	____ DE 231Z California System of Experience Rating
____ DE 231I Services Industry	____ DE 631 Employment Enforcement Task Force
____ DE 231J Waiver of Penalty Policy	____ DE 631C Offers in Compromise
____ DE 231K Casual Labor	____ DE 631P Payment Proposal
____ DE 231L Household Employment	____ DE 631R Interest on Refunds
____ DE 231M Residential Care Facilities	____ DE 631TL State Tax Lien
____ DE 231MW Reporting and Payment Following Assessment For Misclassified Workers	
____ DE 231N Salespersons	
____ DE 231NP Nonprofit and/or Public Entities	
____ DE 231P Withholding from Pensions, Annuities, and Certain Other Deferred Income	
____ DE 231PC Payments to Corporate Officers	
____ DE 231PD Product Demonstrators	
____ DE 231PH Personal Income Tax Wages Reported on the Quarterly Report of Wages and Withholdings for Employers of Household Workers (DE 3B HW)	

State of California
Employment Development Department
1733W Sports Drive, Suite B
Sacramento, CA 95834

(PLEASE PRINT OR TYPE)

ATTN:

COMPANY NAME:

STREET

CITY

STATE

ZIP

State of California
Employment Development Department
1733W Sports Drive, Suite B
Sacramento, CA 95834

(PLEASE PRINT OR TYPE)

ATTN:

COMPANY NAME:

STREET

CITY

STATE

ZIP

INSTRUCTIONS FOR ORDERING FORMS AND PUBLICATIONS

You may obtain EDD forms by any of the methods listed below. We suggest that you order no more than a six-month supply since overstocking may result in using obsolete forms.

Telephone: Ordering more than 25 forms - **(916) 322-2835** (24-hour automated system)
Ordering less than 25 forms - Please contact your local Employment Tax Customer Service Office (ETCSO) using the directory on page 1.

Fax: **(916) 928-5910** (fax a copy of this requisition form)

Mail: **Employment Development Department
1733W Sports Drive, Suite B
Sacramento, CA 95834**

A new requisition form will be sent to you with each shipment of forms and/or publications.

Internet address: **www.edd.ca.gov**

EDD's most frequently used forms are available on the Internet.

NOTE: Please indicate the quantity requested on the line preceding the form number if you fax or mail your order form.

The *Payroll Tax Deposit* (DE 88) must be reordered using the form enclosed in your DE 88 booklet. If you have not received a DE 88 booklet, contact your nearest Employment Tax Customer Service Office.

The *First Claim for Disability Insurance* (DE 2501) must be ordered from your nearest State Disability Insurance Office. Please refer to the directory on page 2.

fold here first

Place Stamp Here

Employment Development Department
1733W Sports Drive, Suite B
Sacramento CA 95834

fold here last